

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

OCTOBER 1950



New A.B.A. President and associates look over some plans (See pages 3 and 42.)

ROBBERY OF THE FIRST NATIONAL BANK,
NORTHFIELD, MINN., SEPTEMBER 7, 1876

HAZARDS OF BANKING *Yesterday and Today*

Based on information from the criminal files
of Pinkerton's National Detective Agency, Inc.



THE YOUNGERS RIDE TO A FALL

Northfield looked easy as the eight bandits converged on it. Many a time before, their rough-riding, hard-shooting formula had terrorized bigger towns. It would work here, too.

But the little frontier town proved hard to scare. Inside the bank, Bookkeeper J. L. Heywood was defiant. Though beaten, threatened and finally killed, he steadfastly refused to open the safe.

Meanwhile the alarm had been sounded. Rifles opened fire from doorways and windows lining the street. Shotguns blasted. Even unarmed citizens grabbed stones and joined the fight.

Through a hail of missiles, the bandits dashed for their horses. Two were killed — one horse was felled. Wounded, the six other men fought their way clear and raced for open country.

Then began one of history's most remarkable manhunts — a relentless, near military campaign with 1,000 far-flung pickets and posse-men. On horse and foot, through woods and swamps, the six bandits fled, leaving a trail of blood, stolen horses, shots. Two escaped into the Dakotas.

After two weeks, the remaining four were surrounded in a thicket near Madelia. One was killed. Three bullet-ridden Younger boys — Cole, Jim and Bob — surrendered, ending the last stand of the famed James-Younger gang.

* * *

Aroused, well-armed citizens proved the nemesis of the early frontier gangs. But bank robberies did not end. Clever criminals still find ways to overcome even today's highly perfected protective and law enforcement methods.

Only well-planned, adequate insurance can provide truly reliable protection against robbery and all the other hazards which threaten a bank's security. The Aetna Plan of Risk and Insurance Analysis unerringly reveals the risks your bank may face . . . provides thoroughly effective protection which is continually kept up to date. Ask your Aetna Representative for details on this modern, tested system of protection for financial institutions.

AETNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

Aetna Life Insurance Company

Aetna Casualty and Surety Company

Hartford 15



FIRE AND MARINE

Automobile Insurance Company

Standard Fire Insurance Company

Connecticut

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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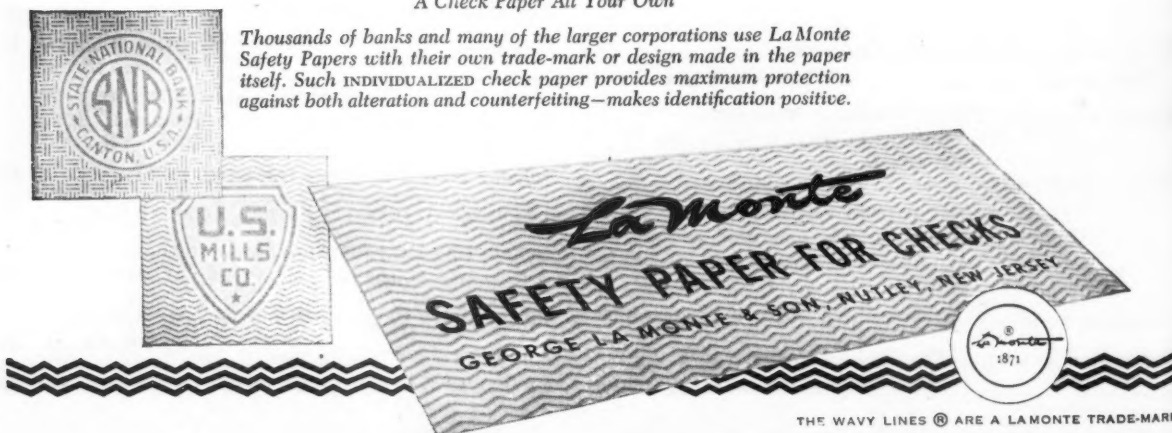
...worth a second look!

Power to attract and hold the eye is a good characteristic in any product.

» » In check papers, of course, safety comes first, but La Monte Safety Papers also possess physical attractiveness that invites a second look. And this is no accident. Through nearly 80 years of safety paper production, maintenance of fine quality has been a hard and fast La Monte rule. » » Public-relations-minded bankers from coast to coast have turned the superiority of these fine papers to their own advantage. Why not ask your lithographer to show you samples?

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Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.



THE WAVY LINES ® ARE A LA MONTE TRADE-MARK



The Convention

It happened again—the convention of the American Bankers Association opened a few days after an issue of *BANKING* had been put to bed. We must therefore wait a month (until the November number) to publish pictures and report the news of what happened in New York September 24-27 at the A.B.A.'s Diamond Jubilee meeting.

However, we invite you to meet, through the medium of a personality sketch, the Association's new president, JAMES E. SHELTON, president of the Security-First National Bank of Los Angeles. Mr. SHELTON, who comes to his high office at a moment when the grim, familiar phrase "defense program" is again on everybody's tongue, is the first West Coast banker to head the A.B.A. since the election in 1920 of JOHN S. DRUM, president of the Mercantile Trust Company of San Francisco.

Our quite informal reception for President SHELTON starts on page 42.

Old, Sacred, and (Says Mr. Scott) Abominable

WHEN THOMAS A. SCOTT sent us the manuscript of "It's an Old and Sacred Custom" (page 39) he accompanied it with a letter that serves as a good preview of his article.

Mr. SCOTT is treasurer and executive secretary of the Diocese of Southwestern Virginia. He wrote:

"To my mind it is perfectly abominable for the dealers and the Stock Exchange in New York to worry bankers and others all over the United States by printing in fractions the daily prices of Government bonds.

"I have been interested in this question for several years and have discussed it in person or correspondence with bankers in Roanoke, Richmond, Washington, Philadelphia and New York, and every one of them agreed with me that the present practice is unnecessary, inefficient, a pure waste of valuable time, and therefore perfectly unjust. Strangely, numbers of them never thought of this until I called it to their attention, but when I did they promptly saw the point. . . .

"Dollars and cents are perfectly simple at a teller's window or when buyings eggs, or cigars. Why the mystery about them when trading Government bonds?"

Mr. SCOTT reminds us that he was

"the originator of the 'No Protest Symbol Plan,' as you can see in the *JOURNAL* of the A.B.A. of November 1914, Legal Section, and July 1915, Clearing House Section."

His case against that old, sacred custom is emphatically put. He'll probably get an argument.

Goodwill

IN its August instalment, this department noted that two of *BANKING*'s overseas readers—one in Norway, the other in Scotland—had been unable to renew their subscriptions because of exchange restrictions in those countries.

A few days after the magazine had been distributed we received a letter from DOUGLAS R. SMITH, vice-president of National Savings and Trust Company, Washington, D. C., offering to pay the two bills.

"I think it is so important that our good friends in foreign lands be kept fully informed of conditions in the United States," said Mr. SMITH, "and if provision has not already been made for them I would be so happy to arrange for the renewal of their subscriptions. I enjoy your publication so much."

Provision had not yet been made, and we were happy to inform the Norwegian and the Scot of Banker SMITH's generous gesture of goodwill.

In writing his thanks, Mr. THORB-

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THIS MONTH'S COVER

Left, the A.B.A.'s new president, James E. Shelton, president of the Security-First National Bank of Los Angeles. George M. Wallace, center, chairman of the bank's board and its chief executive officer, and Chester A. Rude, chairman of the executive committee, are discussing with Mr. Shelton a proposed building alteration

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TRADE INTRODUCTIONS FOR IMPORTERS AND EXPORTERS

The Bank of New South Wales offers a valuable trade introduction service placing importers and exporters in touch with their counterparts in Australia and New Zealand. As the largest commercial bank in these territories, it offers the best medium for developing trade with Australia and New Zealand.

You are invited to consult and use

BANK OF NEW SOUTH WALES

British & Foreign Department, Sydney, Australia.

THE *Only* FULLY AUTOMATIC CHECK IMPRINTER . . . THE NEW THRIFTIMATIC

► That headline is quite a statement, isn't it? Yet we dare invite you to compare the THRIFTIMATIC's automatic features with ANY on-the-premises check imprinter. To name but a few:

AUTOMATIC THRIFTIMATIC requires practically no manual effort; any teen-ager can learn to operate it in 5 minutes.

AUTOMATIC-FEED tray takes 200 or more checks. Set the automatic count-regulator to the number required (whether 15, 20, 25, 50 or more), press the starter button, and the power-operated THRIFTIMATIC imprints at the rate of 2400 checks an hour, automatically stopping at the quantity set.

AUTOMATIC THRIFTIMATIC is so flexible that a single "chase" permits imprinting 1, 2, or 3 lines in end panel, upper left or over signature line on any pocket-size checks. Standard-layout deposit tickets can be imprinted, too.

AUTOMATIC centering and locking of type furnishes permanent name-tube for life of the account. THRIFTIMATIC and accessories require very little space.

THE THRIFTIMATIC is available as part of the ThriftiCheck Low-Cost Checking Account Plan. Or you can purchase it outright with 60 to 90 days' delivery.

We repeat our invitation: compare THRIFTIMATIC's advantages and YOU be the judge. Write us now for complete details on ThriftiCheck Plan or the THRIFTIMATIC imprinter.

BANKERS DEVELOPMENT CORPORATION
31 Nassau Street, New York 5, N. Y. REctor 2-7580



"I don't know a thing about banking, Mr. Wilcox, but I just adore money!"

JÖRN SMEDSRUD of Oslo told Mr. SMITH that he had been working in Oslo Sparebank for nearly 11 years.

"The continuation of the subscription," he added, "will enable me to study the interesting developments in your banking business and in the economic life of the United States. Certainly I appreciate it very much."

The Washington banker, incidentally, is a member of the Class of 1951, The Graduate School of Banking.

A New Job at 65

WHAT'S this about quitting at 65? . . . A large New York bank was retiring a man who had reached that theoretical age of cessation from toil. One day he got a call from the bank across the street asking if he'd be interested in a job as a trouble shooter who would work on a roving assignment, going from department to department to see whether he could improve efficiency.

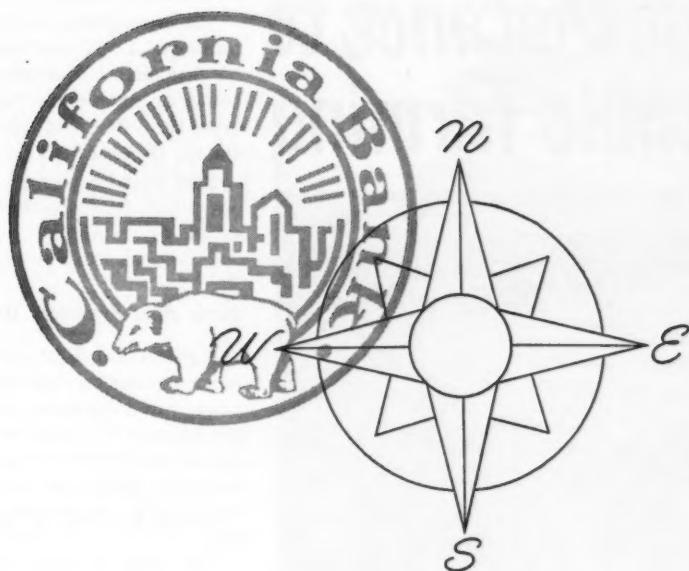
The bank felt that a person with many years of experience should know a lot of things that would be most useful.

Maybe there's an idea or two here. . . .

When, As and If

THE staff of the Empire City Savings Bank, New York City, received from President CHARLES DIEHL a memorandum intended to allay fears of an A-bomb explosion, and yet give information on what to do "if."

"Much has been said and written
(CONTINUED ON PAGE 6)



***Look
to us
when
you
look
west***

1. FACILITIES

California Bank has the complete facilities for quickly handling your Western items, including Hawaii. Fast, 24-hour transit service, over-night air mail—and a network of correspondents ready to provide prompt personal handling.

2. SERVICE

These excellent facilities are backed by a staff equal to serving you well and quickly. Send us your credit inquiries, stock-bond transactions and collections. Depend on California Bank to take good care of the unusual—as well as the customary—needs of your bank and your customers.

California Bank *Los Angeles*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANKS AND BANKERS DEPARTMENT • Main Office: 625 South Spring Street

T. E. IVEY, JR., Vice President

GARDNER TURRILL, Assistant Vice President

RUDOLPH OSTENGAARD, Assistant Vice President

F. M. ARMITAGE, Assistant Cashier

FRANK L. KING, President

Curved Lines

The Shortest Distance to More Profitable Farming



Straight furrows, accurately checked corn, and even rows have ever been the marks of a good farmer — a source of pride and satisfaction.

But, in most cases it wasn't good farming. On rolling land these furrows up and down the slopes become gutters that speed rainfall, carrying off in hours, precious topsoil that took Nature hundreds of years to build.

When the top soil is gone, the land is gone... the source of all new wealth is gone.

Contour farming that keeps furrows level around the slopes — saves moisture, raises the water table, assures greater crops in dry years, keeps the land from gullying and eroding.

But conservation goes deeper than simply contouring. It is using land to best advantage. This means putting to grass

and pasture some land that is now in cultivated crops. It may mean planting to field crops good land that may now be in woodlots, using marginal land for trees and forest. It is building dams, slowing down streams, changing many of our methods of land management.

This looks both to the future and the present. It means a permanent agriculture for our children and our children's children. It means a more profitable agriculture... bigger yields, easier labor, greater profits for ourselves.

Saving our land is a job for all... for those of us who make farm machinery... for you who advise farmers... for those who actually farm and till the soil.

THE MASSEY-HARRIS COMPANY

Quality Avenue, Racine, Wisconsin

Manufacturers of tractors, combines, corn pickers, storage harvesters, and a full line of quality farm machinery for more than a hundred years.



*Make it a
Massey-Harris*

TRACTORS
COMBINES
IMPLEMENTS

JUST A MINUTE—Cont.

in recent weeks about the possibility of an atomic attack on some point in the United States," said the memo. "The result has been a great deal of confused thinking and unnecessary concern.

"In my opinion, such an attack is unlikely... Nevertheless, it would be prudent to consider what steps could or should be taken to minimize the effects of such an attack, should it occur."

The note then went on to point out what the individual can do to avoid or minimize injury in the event of an atomic explosion.

Bank Aids Freedom Crusade

THE CENTRAL BANK & TRUST COMPANY of Denver contributed a full page advertisement in two local newspapers to publicize the launching of the International Crusade for Freedom which got under way at a Denver rally on the evening of Labor Day.

This was the only newspaper ad announcing the meeting. Copy headed, "You'll Want to Stand Up and Be Counted," called attention to the compliment paid "to the people of the entire Rocky Mountain Empire" in the selection of Denver for the start of the crusade "against the tyranny of 'isms' and for all of the things Americans hold sacred." American ideals were listed and the purpose of the crusade explained.

Readers of the *Rocky Mountain*

(CONTINUED ON PAGE 11)

"Quick! Deposit this before I wake up!"



BANKING

AUDOGRAPH

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less!

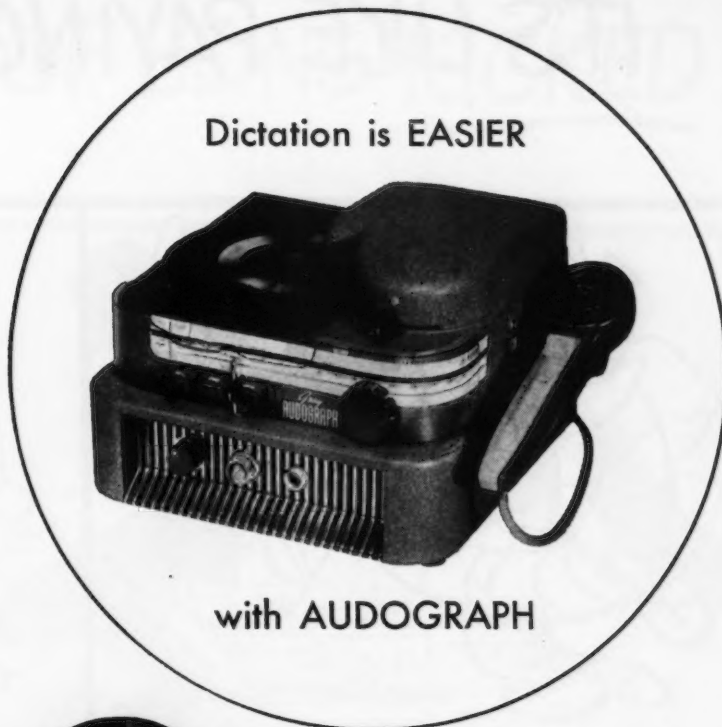
serves best ...

with

"push-button"

convenience!

Every business...SMALL and LARGE
...can save money, time...increase
individual and office output every
day of the year!



● Stop *waiting* for anybody or anything...pick up the microphone and talk, while ideas are fresh... while you're in a mood for *getting things done!*

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Gray

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SOUNDWRITER

AUDOGRAPH sales and service in 180 principal cities of the U.S. See your Classified Telephone Directory—under "Dictating Machines." Canada: Northern Electric Company, Ltd., sole authorized agents for the Dominion. Overseas: Westrex Corporation (export affiliate of Western Electric Company) in 35 foreign countries.

TRADE MARK "AUDIOGRAPH" REG. U. S. PAT. OFF.

- THE GRAY MANUFACTURING COMPANY, HARTFORD 1, CONNECTICUT
- Send me Booklet U-10—"Now We Really Get Things Done!"
- Name
- Title..... Firm.....
- Street..... City.....



IT'S LIKE PAYING FOR THE

SAYS



① WHEN ACCIDENTS THREATEN YOUR BUSINESS OR HIT YOU WHERE IT HURTS



② AND YOU HAVE TO PAY EXTRA FOR GETTING KICKED AROUND, THAT'S



④ AND DOES IT AT NO EXTRA CHARGE WITH EVERY BUSINESS POLICY!



⑤ AND HELPS REDUCE YOUR AT THE SAME TIME....

AMERICAN MUTUAL

...the first American liability insurance company

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PRIVILEGE OF BEING KICKED! MR. FRIENDLY



HIGH PREMIUMS
INSULTS TO INJURIES!



③ WHEN AMERICAN MUTUAL HELPS
SHRINK YOUR DANGERS TO A MINIMUM!



PREMIUMS



IT'S LIKE GETTING PAID FOR BEING HAPPY!

And that, sir, is exactly what we did for a South Carolina textile mill when we helped them reduce premiums from 46% above average to 10% below average . . . saving them 38.4% on premiums alone! It's just one of 40 cases we'd like to show you at your convenience . . . why not phone your local Mr. Friendly. (Listed in telephone directories in principal cities.) It could be the most profitable call you've ever made!

REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

Total Assets
\$102,454,932

Total Liabilities
\$83,731,064

Total Surplus
\$18,723,867

Total Claims
\$343,395,102

Total Dividends to Policyholders
\$133,929,022

Nearly 75% of all assets in U. S. Government, first grade industrial, railroad, public utility bonds and notes.

And-an even Better Tomorrow for Banking

75 years of the A.B.A. means a brighter future for all in banking. Congratulations to an association whose roots are deep in the past but whose ideas are always forward-looking. At GM we know that without this kind of thinking, no tomorrow could be better.

ackages

ck well in freezer? If any
packages falling. Also, for
acks, making the food more

imum use of freezer space
angular or square containers
round containers. If space
important consideration

's first fruits and veg

section of stalks for a
table; remainder for
white, woody ends are
pressure-cooked for use
5. Blanching (to retain
flavor and nutrients)
Steam-blanch (1 lb. cut up)
3 1/2 minutes. If you
blanch small stalks
large stalks, 4 minutes
6. Chill 3 to 5 minutes
running water, drain well
7. A top-opening, flat
package is best for soft
spare. Any type of
ing carton is suitable
vegetable.

Spinach

A more tender spinach
obtained in spring than
1. Cut when leaves are
tender.
2. Wash thoroughly in
running water to remove
3. Steam-blanch in
greasy salt water for
4. So water-blanch for
a time for 2 1/2 minutes
basket or colander up in
boiling water constantly
mating and seasoning
ing. Cook blanching time
time water remains hot
vegetables have lost
5. Chill immediately in
cold water for at least 10
6. Squeeze out excess water
7. Package in any type of
freezing container.

Peas

Then as flatter variety
ety for freezing. Freeze
new variety which is
in regions where there
may be difficult to grow
any deep green, large
garden variety will be
frozen product.
1. Do not freeze old, tough
Tender, slightly larger
are better for the freezer.
2. Pod 4 or 5 pounds.
do not wash after podding
3. Water-blanch about 1
time. The time depends
size of pea. Blanch small
45 seconds; large peas for
1 minute. If you prefer to steam
peas, small peas will take
10 minutes; large peas, 20 minutes.
4. Chill immediately in
running water 3 minutes.
5. Fill any type of top-opening
container full, leaving
head. Freeze immediately.

BETTER HOMES & GARDENS

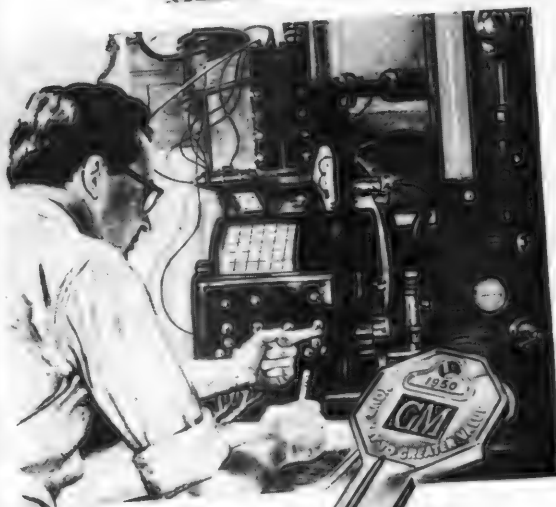


GM research discovers new facts about the metals out of which cars are made—using invisible light and the ultraviolet spectrograph shown here. The results? Better control in quality of materials, leading to more trouble-free miles for your car.



GM research helps production with special balancing machines for crankshafts and dozens of other rotating parts—cutting down wear and vibration—adding to their life and to all-over comfort.

GM research considers one of its most important projects the continual 34-year-old study of fuels and engines—the purpose being greater fuel economy, plus better performance. Here is an instrument that enables GM men to see what happens when fuel burns inside a cylinder.



Key to a better tomorrow

It's clear that today's models by General Motors are definitely ahead of yesterday's. And there is a good reason.

It begins with GM research, which is constantly at work digging out better ways of making things and doing things.

What research discovers is the starting point

for better engineering and better production.

That is why General Motors has, for more than a third of a century, maintained the largest research department in the automotive industry.

Because research is hard at work now, you can be sure that GM's cars of tomorrow will be even greater values than those of today.

THE KEY TO A GENERAL MOTORS... MORE AND BETTER THINGS FOR MORE PEOPLE...
Your Key to Greater Value
GENERAL MOTORS
CHEVROLET • PONTIAC • OLDSMOBILE • BUICK • CADILLAC • BODY BY FISHER • GMC TRUCK & COACH
HENRY J. TAYLOR on the air every Monday evening over the ABC Network, coast to coast.

JUST A MINUTE—Cont.

News and the *Denver Post*, in which the ad appeared, were urged to attend the nationwide broadcast held in the city auditorium to launch the movement.

ELWOOD M. BROOKS is president of the Central Bank & Trust Company.

October

OCTOBER, teeming with Days and Weeks, also encompasses three Months in one.

From the 1st to the 31st we celebrate Cheese Festival, National Hunters' Month, and Red Feather Month, which is the Community Chest Drive.

National Hat Week is October 2-8; Cranberry Week, 8-14; National Wine Week, 8-15; Better Parenthood Week, 9-15; Fire Prevention Week, 9-15; Save the Horse Week, 14-21; National Letter Writing Week, 15-21; National Posture Week, 16-21; National Bible Week, 16-22; National Smoke Abatement Week, 22-28; United Nations Week, 22-28; National Honey Week, 24-30.

National Apple Week, Girl Scout Week, and National Flower Week start in late October and extend into early November. National Business Women's Week and National Pharmacy Week fit into the October schedule somewhere—just where hadn't been determined when our source of information, the Department of Commerce tabulation, was compiled.

October Days include: National Newspaper Boy Day, 7; Grandmothers Day, 8; Poetry Day in



RUBBER PRODUCTS INDUSTRY of the Los Angeles Metropolitan Area ranks third in the nation—topped only by Akron and Boston. Latest official census figures show annual value added by manufacture—principally of tires and tubes—in excess of \$71,000,000, with over 13,000 persons employed.

MANY-SIDED CALIFORNIA

In diverse-industrialized California, Security-First National Bank has 131 Offices and Branches, located from mid-state to the Mexican border, providing modern, complete banking service for industry and individuals...and correspondent service for banks in all sections of the United States and overseas.

If a Pacific Coast correspondent connection would be useful to your bank, we would welcome the opportunity to work with you. Address inquiries: Banks and Bankers Dept.

RESOURCES OVER 1½ BILLION DOLLARS

MANAGING COMMITTEE

George M. Wallace, Chairman
Chairman Board of Directors

James E. Shelton
President

Chester A. Rude
Chairman Executive Committee

L. W. Craig
Vice-President

C. T. Wienke
Vice-President

SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Member Federal Deposit Insurance Corporation
Member Federal Reserve System





Give builders these books...and get greater value in houses you finance

"Sales Features for Electrical Living Homes" shows many electrical ideas have proven appeal to home builders and owners...features that add to the sale or resale value of a home, and make it a sounder investment. Has 32 pages of illustrations, diagrams...on kitchens, laundries, electrical bathrooms and smart lighting ideas for every room in the house. Also gives simplified data on planning an adequate wiring system.

"Design Details for Electrical Living Homes" fills a real need for construction details on valance, cornice, cove, soffit, pinhole spot, under-cabinet and other unusual lighting effects. Kitchen and laundry plans, with complete dimensions are also shown.

Free copies will be supplied for your personal reference. Copies for distribution to your builders will be supplied at 7¢ per copy. G-10113C

YOU CAN BE **SURE**... IF IT'S
Westinghouse

FREE

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Westinghouse Electric Corporation
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Pittsburgh 30, Pa.

Please send me a Free copy of your 2 new books: B-4691 and B-4671. I enclose \$____ for which you will send me ____ additional copies of B-4691 and ____ copies of B-4671.

Name _____

Street _____

City _____ State _____

Pennsylvania, 15; Sweetest Day, 21; Apple Day, 31.

There are also, of course, such hardy perennials as Columbus Day, Navy Day and Hallowe'en.

By the Way . . .

A little elementary deduction leads to the assumption that National Business Women's Week starts on or about October 15. MONICA HOHE, chairman of the Public Affairs Committee of the Business and Professional Women's Club of St. Louis, reports that her committee has a "very special program" planned for the Week and she extends, through BANKING, "a cordial invitation to bankers in this section to attend." There'll be a dinner on Thursday evening, October 19, in St. Louis, with Mrs. GEORGIA NEESE CLARK, Treasurer of the United States, as guest and speaker.

We learn, with regret, of an error in the story, "States Bid Up for Business," on page 47 of the August issue, which referred to the New York visit of Governor Warren and a group of Florida industrialists. The article said that earlier this year MCGREGOR SMITH, president of Florida Power and Light Company, Miami, chartered transportation facilities and took another group of eastern bankers to Florida to indoctrinate them in the state's many industrial attractions. Both Mr. SMITH and J. K. FLANAGAN, director of advertising and publicity, Florida Power Corporation, St. Petersburg, inform us that Florida Power and its president, A. W. HIGGINS, sponsored this trip. Credit where credit is due!

"How can I shake my wife out of our joint account?"



"That savings account of ours is really putting a hole in our budget"

sored this trip. Credit where credit is due!

T. N. HUMPHRIES, cashier of the Tallahassee State Bank, reports that one of the persons pictured on our August cover is the Honorable B. K. ROBERTS, Justice of the Supreme Court of Florida and a director of the bank. Mr. HUMPHRIES says he's "the gentleman in glasses to whom Governor FULLER WARREN is apparently speaking." The photograph was taken at the New York reception which Florida's chief executive gave for bankers in the metropolis.

From EDWARD W. BOWEN, executive vice-president and cashier of the Peoples National Bank of Bay City, Michigan, comes a letter calling attention to the omission of that institution from our September list of banks that were in existence when the A.B.A. was started in 1875. "I suspect the reason for it was," says Mr. BOWEN, "that in February of this year the present bank was converted from Peoples Commercial and Savings Bank, which operated under a state charter." That predecessor was organized in 1867, as is shown in the *Bankers Directory* from which our list was taken.

CASHIER G. J. McCUNE of the FIRST NATIONAL BANK of Greenville, Illinois, reports that that institution, also omitted from the list, originated in 1869 as Hoiles and Sons, private bankers. In 1891 it was incorporated as State Bank of Hoiles & Sons, and in 1939 became the First National Bank.

We're sorry the compilers missed these banks.

J. L. C.

BANKING

FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

Warehouse Receipt Loans against merchandise stored in public warehouses are an integral part of commercial banking, widely used by business and industry to release working capital tied up in raw materials and finished products . . . but moving goods to and from distant warehouses is expensive, inconvenient and in many cases impractical because of the type of goods to be stored. Our Field Warehouse Service is a convenient, economical and practical way of establishing a bonded public warehouse right where the goods are . . . on the borrower's own premises. Field warehousing enables you to give maximum credit service to your customers requiring accommodations in excess of your open line limits with minimum risk.

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New York Terminal Warehouse Company
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

It Pays to Study the Census

WITHIN the 10 years between April 1940, and April 1950, the United States made the greatest absolute gain in its population for any decade in the country's entire history; it saw perhaps the largest gain in the number of family units; it built more housing; it began to disperse its great urban populations to suburban areas; it contracted sharply its rural population, and it recorded many other almost revolutionary trends in its economic make-up.

These vast changes are recorded both locally and nationally. They will, when seen in local as well as state, regional, and national perspective, tell banks much which will help them in the operation of their business.

From these statistics a bank, for example, can learn everything in detail about its local market. The bank can learn not merely how many people there are in its trading area, but how many houses these people have, how old the houses are, what utilities are installed in the houses, how many manufacturers there are and how much they produce, how many retail establishments are situated in their trading area, how many persons they employ, what they pay.

Thus, by comparing local statis-

tics of a given bank's trading area with, for instance, an adjoining trading area, or for the state, a bank can learn thousands of little peculiarities about the area it serves, and base its judgments upon sound information. The bank can learn whether more persons rent than own their homes, or whether the homes are older than average, or whether wages are higher, lower, or the same for comparable trades in the neighborhood.

Among other things, banking institutions can tell whether the west side or the east side of town is a better place in which to locate a branch, and how Dream Subdivision compares with Old Family subdivision, and whether this or that community is going up or down hill compared with the average of the community.

Likewise, enterprisers determining whether to open a new bank can have a scientific analysis made—based on the revolutionary changes of the war and postwar decade—of whether X neighborhood or Y town actually seems to have the basic income, number of family units, and volume of business to support a new banking institution.

The Federal census is much more than it used to be. It originally came

into being to determine the number and geographical distribution of the population so as to learn how to apportion the number of seats in the House of Representatives. The census, the decennial census, still does this. Hence by December 1, 1950, the Secretary of Commerce, of whose department the Census Bureau is a part, will send the official population count by states to the Speaker of the House, and figure out how many seats some states gain because of their relative gain in population, and how many seats other states lose—assuming the size of the House to be kept constant at 435.

County Data Books

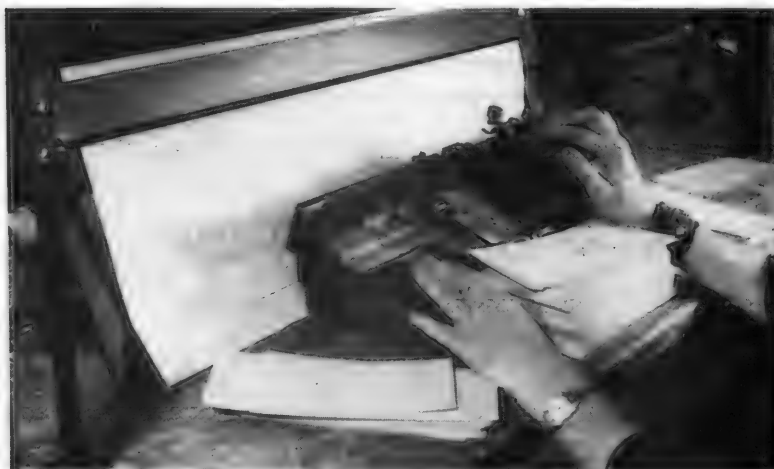
Now the census is also a count of housing, agriculture, manufacturing, and scores of other things. For instance, the little volume which will probably prove to be the most useful backstop for local banks is the *County Data Book*, to be got out for every county in the United States.

There are 96 different statistical subjects in this *County Data Book*. To describe the census and what it contains is almost to write a catalogue of thousands of words. But, just a few things that are in the county book: Population, number of families, home ownership, rental occupancy, income, rent paid, children and their age groups, sex ratio of the population, the labor force, kinds of work or occupation, retail and wholesale trade, number of establishments, employees, wages paid, number of manufacturing establishments, their employees, wages paid, and value added by manufacture.

These figures, incidentally, are comparative with the previous and, in some cases, other decades. They show the trend of the neighborhood and the way it is developing. Thus it is possible to compare not only with the past, but with other communities and with the state, by checking a particular county book against statistics of other counties and state figures.

(CONTINUED ON PAGE 16)

"These vast changes are recorded both locally and nationally"



"...and that Credit Report from Bankers Trust certainly gave us the facts we wanted. I hear that every credit inquiry they get receives the personal attention of an experienced credit officer..."



How you can get dependable Credit Information

You, of course, know the importance of getting accurate, dependable credit information — credit information which can be acted upon with confidence.

That is the kind of credit information you receive when you send us your credit inquiries.

Credit information from Bankers Trust is based on personal interviews with suppliers, customers, competitors, banks, trade associations and regular credit agencies.

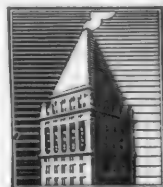
Our credit investigators and analysts are well-trained, competent, and experienced. In addition, every credit inquiry receives the personal attention of an experienced credit officer. He supervises the investigation and evaluates the facts obtained in the light of current trade and business conditions.

This "officer management" offers you a decided advantage.

This is just one of the many services Bankers Trust offers its correspondents and customers. If you require an efficient New York banking connection you are invited to write us at 16 Wall Street, New York 15, N. Y.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



(CONTINUED FROM PAGE 14)

For the big metropolitan areas, equally detailed figures are available. The Census Bureau classified 157 different localities as metropolitan areas. These compilations will not only cover all the subjects in the *County Data Book*, but as well will make it possible for banks to assess the way changes in particular sections of a metropolitan area—even particular blocks—compare with the area as a whole, and other metropolitan areas. In general, while the big cities of the United States increased in population, people were tending to move out into the more open spaces, and to create new suburban areas with new markets, and, of course, new community problems.

Some Data Available Now

If a banker writes today to the Census Bureau, he will find comparatively little of that material set forth and ready for him right now. The Bureau has been releasing, nationally, state by state, preliminary statistics. The big books with the final, corrected, and complete figures will not all be available until some time in calendar 1951. The final figures will be completed and published near the end of that year.

On the other hand, the Census Bureau will not object to inquiries as to what is available as of the day the inquiry is received. Write to the Census Bureau and keep writing. Address communications to the Bureau of the Census, Department of Commerce, Washington 25, D. C.

Even though final figures are not ready, enough figures have been compiled so that observers can see certain broad outlines of the changes which have come over the United States, with its war-promoted prosperity, during the last decade. These trends are revealed tentatively, always subject to modifications when final figures are once and for all published.

Nationally the population of the United States gained 19-millions. The enormous market significance of this is breath-taking. A population gain of 19-millions provides a new market in one decade equivalent to those combined of Indiana, Illinois, and Wisconsin.

This gain in population, differing from the trend of the country's earlier history, is accounted for by no famine in foreign countries, or

tyranny overseas. Immigration was relatively unimportant. It is accounted for mainly by an increase in births. Some 32-million babies were born. These are the children of the large crop of babies born during World War I. Presumably these 32-million babies, when they mature and marry, will in turn sire another big wave of population gain in another decade.

Population Prospects

In fact, if prosperity continues for another generation, then the statisticians estimate that by 1975 the country could have a population of 225-million. If economic conditions and immigration were average, the total would reach 190-million. With depressions and hard times, the population might hold down to 168-million.

Statistical scientists also think that the increase in the life span may be responsible for one million more persons being alive on April 1, 1950, than would have been alive 10 years earlier, based on life-expectancy at the end of the previous decade.

It is expected that, when tabulation and release of the census figures has progressed further, they will show an increase of about 8½-million family units during the decade, obviously an increase greater in proportion than even the spectacular increase in population.

These figures also will show a truly spectacular increase in dwelling units, preliminary figures already indicate. Thus, for example, Connecticut, while showing an absolute population gain during the decade of 125,532, during the decade

had an increase of 125,457 in the number of dwelling units, or a gain of almost one dwelling unit for one person in the population.

The large increase in number of dwelling units is meaningful for banks. It shows markets for all the equipment of a house. It probably suggests some idea of markets for automobiles, for refrigerators, washing machines, radios, TV's, and so on.

There is every indication that fewer persons are producing the nation's food and fibre, particularly in the great farming belt west of the Mississippi River.

Population Shifts

Thus, in Oklahoma, communities of 1,000 or more persons had an aggregate population in April 1950, of 1,232,704, an absolute gain of 216,441 over their combined 1940 populations. Yet Oklahoma as a whole suffered a decline in population of 112,784. So something like 329,000 people in Oklahoma, on balance, left rural areas of the state for larger towns and cities of the state, or migrated to other states. The picture is similar for several other states.

This led some observers to make the tentative but as yet unofficial forecast that, whereas the farm population in 1940 was 22 percent of the nation's entire population, it was but 18 percent in April 1950. When the figures are compiled in detail on the known, enormous purchase and use of farm machinery, they will undoubtedly chart in precise detail our great aggregate increase in total farm production.

LAWRENCE STAFFORD

"Don't ever
put your chew-
ing gum in
there again!"





How modernization programs
increase your revenue...
bring in more new business



Architects: Cull and Robinson, Providence, R. I.

Store fronts and Interiors by Pittsburgh

FROM any standpoint, there is much that your bank can gain from the modernization of local retail stores and other business establishments, as well as from the remodeling of your own building. For there is considerable opportunity here for a sizable increase in revenue and new business.

And let us remind you, regardless of the phase of modernization in which you may be interested, the best products to choose for this work are Pittsburgh Glass and Pittco Store Front Metal. They are the proven leaders in materials for store and building remodeling jobs. Insist upon these products for your

1. When you modernize properties held by your bank, you increase your revenue, protect your investments, keep old tenants satisfied and attract many new ones.

2. When you grant loans to "good-risk" merchants to help finance their remodeling programs, you get valuable new business.

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own work; recommend them to your loan prospects.

Meanwhile, fill in and return the coupon below for a free copy of our booklet. It illustrates and describes a wide variety of stores and buildings which have been remodeled with Pittsburgh Products.

Pittsburgh Plate Glass Company
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Without obligation on our part, please send us your FREE booklet on modernization, "Modern Ways for Modern Days."

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PITTSBURGH PLATE GLASS COMPANY



Mergers in New York

A PROPOSAL to merge the BROOKLYN (New York) TRUST COMPANY into the MANUFACTURERS TRUST COMPANY of New York has been approved by the directors of each bank and will be voted on by the stockholders at meetings October 11.

Brooklyn Trust stockholders would receive one share of Manufacturers and \$183 in cash. Prior to this issuance of shares Manufacturers proposes to distribute to its own stockholders a stock dividend of one share for each 12 held.

The entire personnel of Brooklyn Trust will join the Manufacturers' organization. The merger agreement provides that President GEORGE V. McLAUGHLIN of Brooklyn and Vice-president GEORGE A. BARNEWELL will become, respectively, chairman of the executive committee and vice-president of Manufacturers.

MERGER of LAWYERS TRUST COMPANY of New York with BANKERS TRUST COMPANY became

effective September 18. By the consolidation Bankers acquired about \$75-million in deposits, 14,000 new customers, and Lawyers' four offices.

ORIE R. KELLY, who was president of Lawyers, became a director and vice-president in charge of New York City business at Bankers. All officers and employees of Lawyers joined the Bankers staff.

Indianapolis Merger

Directors of THE INDIANA NATIONAL BANK and THE UNION TRUST COMPANY, both of Indianapolis, have approved a consolidation plan. The merged bank will bear the name of the INDIANA NATIONAL and the president will be RUSSELL L. WHITE, head of that bank. VOLNEY M. BROWN, president of Union Trust, will be a vice-president of the consolidated bank.

Indiana National gains over \$40-million in deposits. Stockholders vote on the plan October 19.

The proposed merger is the largest in Indiana history.



Bill Massie and some of his anniversary flowers

Massie with Fort Worth National 60 Years

ON September 8, 1890, W. M. MASSIE applied for, and got, a job at The Fort Worth National Bank. He's been there ever since, is now senior vice-president.

Flowers, letters and telegrams from friends all over the country honored BILL MASSIE on September 8, 1950, the 60th anniversary of his employment by the bank. As a matter of record, he's been a banker 63 years—the first three at Merchants National of Fort Worth.

Mr. MASSIE has held numerous offices in the American Bankers Association, including membership on the Executive Council, Economic Policy Commission, Research Council, and Protective Committee. He is a former director of the Association of Reserve City Bankers.

In civic affairs, he has been chairman of the Texas State Planning Board and a member of his city's Zoning and Planning Commission.

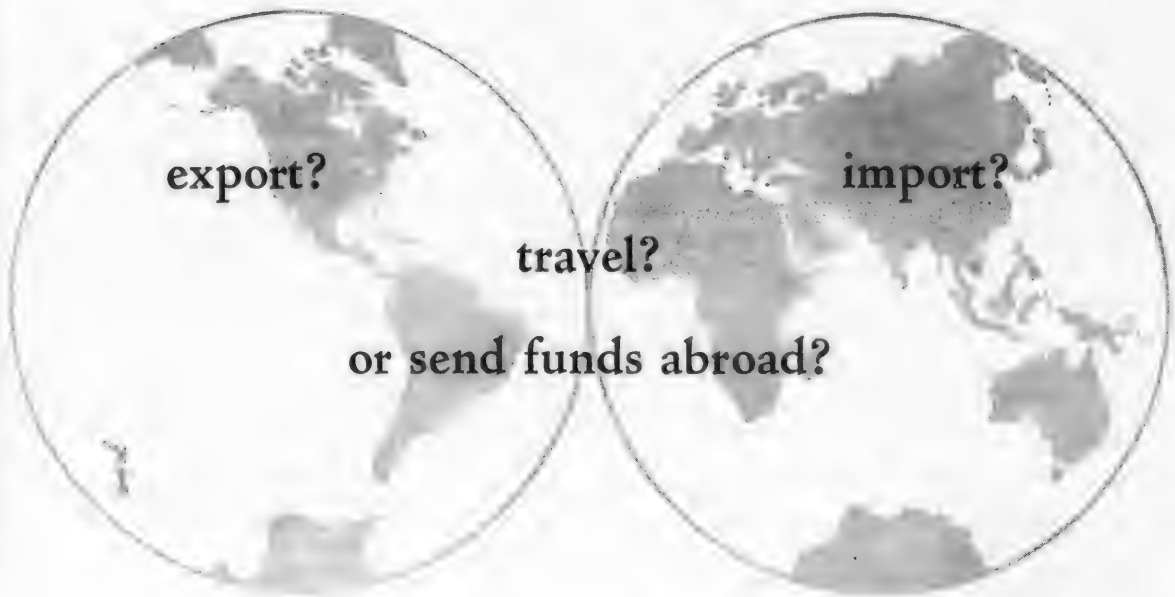
At a bank gathering celebrating his anniversary, Director J. B. HOGSETT reminded the guests of how widely BILL is known: "He's a regular letter of credit—in Mexico, on the West Coast, everywhere."

(CONTINUED ON PAGE 20)

A service flag honoring employees on active duty with the armed forces has been hung in the lobby of Central Bank of Oakland, California. President Dunlap C. Clark, center, a colonel in the ORC, dedicated the banner at a brief ceremony attended by the staff. The stars are for Marines Robert L. Todd and Robert B. Hintz, and Edward A. Johnstone, USN



Do customers of your bank



You can help them by making our
Foreign Department Your Foreign Department

Our services include:

Collection of checks, drafts, coupons and other items payable in foreign countries.

Remittances to foreign points by draft, mail or cable.

Advances on checks, drafts, coupons and other items payable in foreign countries.

Purchase and Sale of foreign currency and coin.

Letters of Credit for financing imports or domestic shipments, and for use as travel funds.

Reports on import, export and exchange regulations of foreign countries.

Credit and Investment information from reliable sources.

Through our Foreign Department your services to customers can reach around the world.

Send for our folder "Foreign Trade Service" which describes in greater detail our foreign banking facilities available to you.

Continental Illinois National Bank and Trust Company of Chicago

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

FIXED ASSETS

A rather interesting sidelight of our operations recently impressed itself upon us as having some significance in evaluating our position with respect to continued dependable service to our customers.

During the four years of World War II our sales went up slightly over 80%, while in that same period our fixed assets, consisting chiefly of machinery, declined 16%. Rather a frightening condition, but we had to live with it because machinery was not available and we could not have bought it anyway since the excess profits tax was siphoning off all our cash.

During the past five years, however, with our sales 110% above

1945, our fixed assets have expanded 280% after depreciation. This is quite a different story and one that is reassuring as we face an uncertain future. We still don't have much cash but that new equipment sure looks good to us.

Our "catch up" program is still under way because never again do we want to operate with machinery that is running on borrowed time. As an organization devoted to uninterrupted service, the word "dependable" means something more than an adjective and, while our prices may at times be slightly higher or lower than the other fellows, our service must be tops and we need lots of good, clean fixed assets to keep it that way.



Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

CANADA

—with emphasis on Oil

The Canadian Bank of Commerce, through nearly 600 branches, serves *all* Canada.

With almost 100 of these branches in the oil fields of Western Canada, we take a *special* interest in oil—an interest kept right up to date for the benefit of all who have business in this area.

Our services have proved their value to many U.S. oil men now in the field. They will prove equally useful to those extending their operations to Canada.

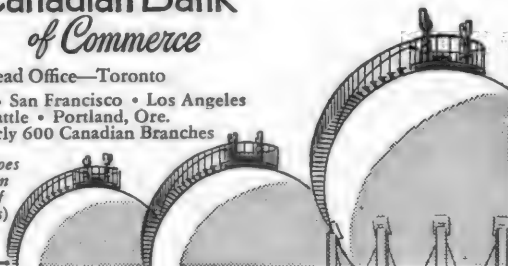
These facilities are at the disposal of American banks in behalf of their customers.

The Canadian Bank of Commerce

Head Office—Toronto

New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
and nearly 600 Canadian Branches

(The Bank does not advise on the merits of oil securities)



MAIN STREET—Continued

Harvey D. Gibson

HARVEY DOW GIBSON, 68, president of the Manufacturers Trust Company of New York since 1931, died in Boston on September 11.

Although MR. GIBSON, as the New York *Herald Tribune* put it, was "a hard-working 9-to-5 banker," he had many other interests. He was Red Cross Commissioner for Europe in World War I and for Great Britain and Western Europe in World War II. As chairman of the board of managers of the New York World's Fair, he had full operational control of that exhibition, pulling it out of a financial tangle.

In the depression MR. GIBSON managed the Emergency Unemployment Relief Committee in New York City, helping to raise millions for make-work projects until Government agencies took over.

Keenly interested in sports, he was prominent in developing skiing in New England.

MR. GIBSON's first job, after graduating from Bowdoin College, was sweeping the offices of the American Express Company in Boston. Soon, however, he became assistant manager of the financial department, beginning an active career in finance that brought him to the presidency of the Liberty National Bank in New York at the age of 34. He became head of the New York Trust Company when the Liberty was merged with that institution, and later of the Manufacturers.

He was chairman of the American delegation for handling short-term German credits after World War I.

(CONTINUED ON PAGE 22)

Harvey D. Gibson



BANKING

Security



D. N. MOHLER, PRESIDENT
The Charleston National Bank
Charleston, West Virginia

"American Banking contributes financial security and stability to our American way of life. It is the responsibility of every banker in the country to help assure these assets to his community.

"Christmas Club helps to further these goals of financial security and stability for banks and private individuals alike. It creates thrift-thinking in financially casual people. Attracts them to banks and exposes them to the benefits of using a bank's varied services. It is also a convenient banking service for those who are already thrift-minded."

D. N. MOHLER



● Security for a bank depends upon the continued attraction of prospects for its banking services, and consequent continual development of new customers.

● This is, in effect, a bank's most important public relations job.

● A job successfully accomplished for banks everywhere by Christmas Club, a corporation.

● During regular visits to your bank, thrift-conscious Christmas Club members develop confidence in you and your bank. They are potential customers for your many services.

● That's why Banks that have Christmas Club are Banks that grow!

CHRISTMAS CLUB

A CORPORATION

FOUNDED BY HERBERT F. RAWLL

230 Park Avenue, New York 17

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

Our eyes
are all over
the place!

• We've got our eyes focused on every state in the Union . . . waiting for a nod from you to take care of your business.

• Sooner or later you are bound to have a transaction in the Philadelphia area, because business here has its roots in every one of the forty-eight states.

• When the time comes that you need action, call on Central-Penn . . . serving business and industry here for over 120 years.

CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE AMERICAN APPRAISAL COMPANY



Valuation of
Tangible and Intangible
Properties for
Insurance Accounting
Finance Tax and
Legal Requirements



Charles Celaya



B. G. Moore



G. A. Freeman



J. W. Kearns

MAIN STREET—Continued

Manufacturers Names Von Elm President

HENRY C. VON ELM, formerly chairman of the board of Manufacturers Trust Company, New York, has been made president and chief executive officer, succeeding the late Harvey D. Gibson. Mr. Von Elm has been a director of the bank since 1925, and chairman of the board since 1947. From 1942 until 1945, while Mr. Gibson was serving as American Red Cross commissioner for Europe, Mr. Von Elm acted as chief executive officer of the bank. He is also president and a director of Manufacturers Safe Deposit Company.

Horace C. Flanigan, formerly vice-chairman of the board, has become board chairman. Ernest Stauffen, chairman of the Trust Committee, was named chairman of the Finance Committee. Harry C. Kilpatrick, formerly vice-president and assis-

tant to the president becomes executive vice-president and a director.

The First National Bank in Houston has appointed CHARLES CELAYA as vice-president in charge of the development of foreign business. Mr. Celaya's extensive experience in foreign banking includes 16 years in the foreign department of the National City Bank of New York. During the last two years he conducted his own export-import business with headquarters in Brownsville, Texas.

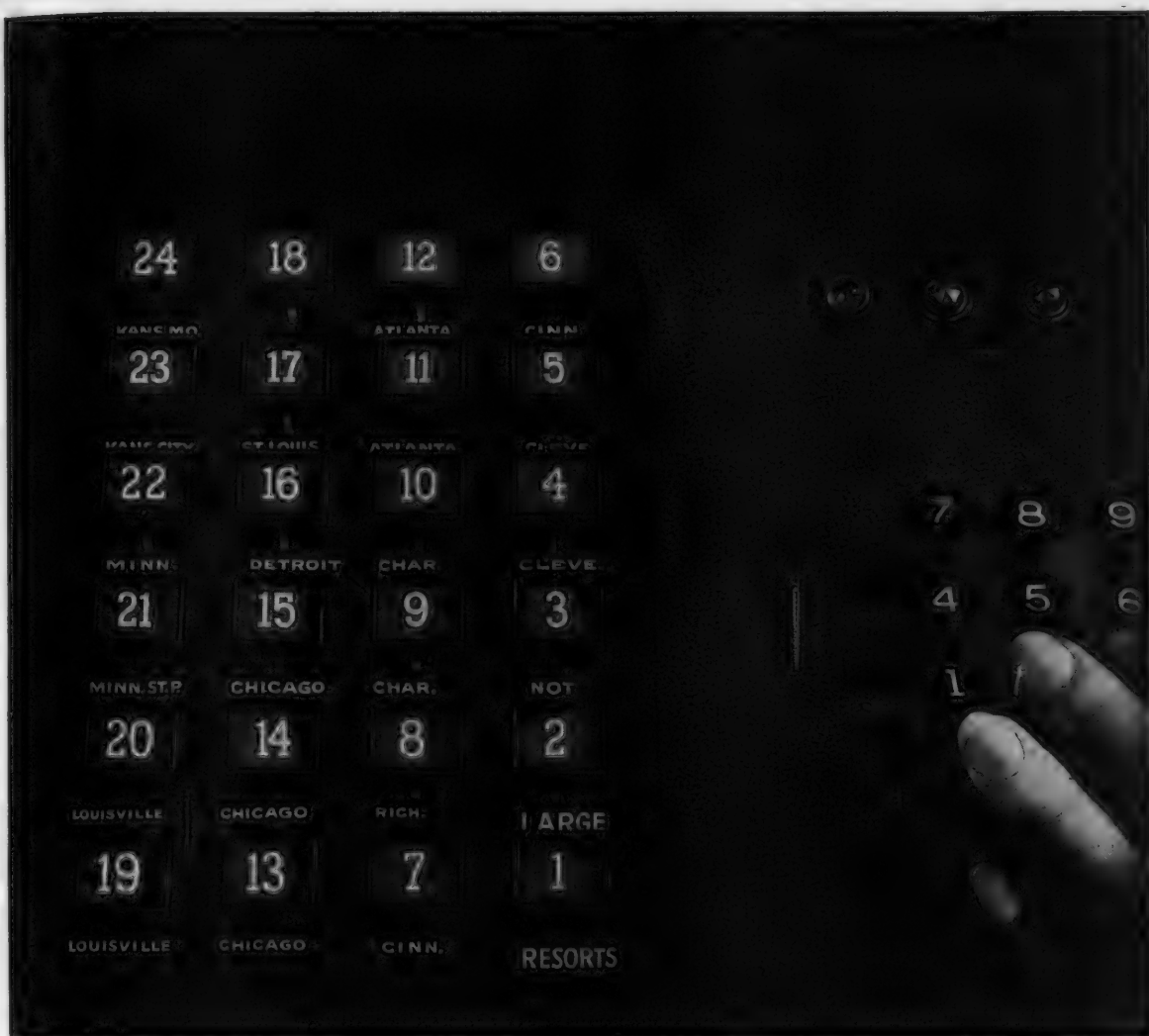
First National Bank in Dallas announces these elections: Vice-president and assistant trust officer, BENNETT G. MOORE; assistant trust officers, HOMER J. ANDREWS, PAUL H. KIRK, J. HOWARD MONTGOMERY, and KIRBY E. GIBBS.

JOHN W. KEARNS, counsel, and GAYLORD A. FREEMAN, JR., have been elected vice-presidents of the First National Bank of Chicago.

(CONTINUED ON PAGE 26)

A portrait of the late Margaret Mitchell, author of *Gone With the Wind*, now hangs in the main banking room of the Trust Company of Georgia, Atlanta. It is the 22nd addition to a collection of likenesses of famous Georgians. Viewing the portrait in the photograph are, left to right, Lewis C. Gregg, artist; John A. Sibley, chairman of the bank's board; and John R. Marsh, Miss Mitchell's husband





CHASE FACILITIES FOR CORRESPONDENT BANKING

People have made Chase the bank it is today. Behind these experienced employees and officers, however, is the most modern bank machinery available. Machines help Chase offer *fast* service to correspondents—they record, check and speed items on their way. Chase is a bankers' bank, with the equipment, personnel and experience to serve correspondents well.



THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation



440 A MINUTE . . .

Sewing thread coated with carbon formed its first flickering filaments. Today a wonderful machine assembles 440 perfect incandescent bulbs a minute. For pennies, you can buy hundreds of hours of light.

INTRICATE MIRACLE . . .

The incandescent bulb is the fruit of many sciences and crafts. Ceramics, metallurgy, physiology, chemistry, psychology and physics pooled the minds that created it. The marvelous mechanism that produces it is the work of inventors, tool makers, machine designers and electrical engineers. Glass blowers, miners, and a thousand others contributed their skills to this intricate miracle.

AMERICA WORKS LIKE THAT . . .

Uniquely so. Every art, every science, every branch of engineering adds its spark of genius to the blazing torch that floods our future path with light . . .

America *can* work like that because it has an all-seeing, all-hearing Inter-Communications System.

WHAT AN INTER-COM SYSTEM! . . .

Complete communication is the function, is the peculiarly American contribution of the business press . . . a great company of specially edited magazines devoted to the specialized work areas of men who want to manage better, design better, manufacture better, research better, sell better . . .

WHAT WE HAPPEN TO KNOW . . .

The McGraw-Hill business publications are a part of this American Inter-Com System.

As publishers, we know the consuming insistence of editors on analyzing, interpreting, reporting . . . on developing universal acceptance of new ideas . . . on making sure that specialized information reaches interested people quickly.

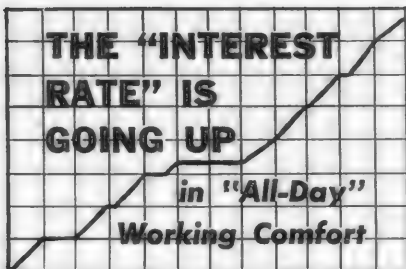
As publishers, we know that people pay to subscribe to business publications for the sole purpose of listening in on units of the American Inter-Com System.

As publishers, we make the advertising pages of our business publications available for your communications with the people you want to reach.

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The rate of interest in "all-day working comfort" is steadily increasing among busy executives. And the interest has naturally turned to the luxurious SIKES Executive Posture Chair No. X135, expressly designed with your comfort in mind.



X135



136

This chair has the exclusive "reverse spring action" which works to reduce fatigue, lets you lean back easily without slumping . . . assures you of just the right amount of support in any position. Constructed of solid Walnut and upholstered in the finest leather and fabric in your choice of colors. The companion leg chair offers the same restrained styling which will lend an air of distinguished comfort to your office.

See your nearest SIKES dealer or write for descriptive literature.



THE SIKES COMPANY, INC.

24 Churchill Street

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COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 37-year-old institution.

With 23 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$10,000,000. — Pesos Colombian

Reserves: \$10,300,000. — Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Velez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.



A. H. Quay



Grant Keehn

ARTHUR H. QUAY, formerly vice-president, has succeeded the late HENRY E. ATWOOD as president of the First National Bank of Minneapolis. Mr. QUAY has been on the staff 33 years. Vice-president MALCOLM B. McDONALD was named to the new post of executive vice-president.

GRANT KEEHN, a vice-president of the First National Bank of New York since 1945, has been elected executive vice-president.

JOSEPH STAGG LAWRENCE, vice-president of the Empire Trust Company of New York, economic consultant, and a frequent contributor to *BANKING*, died near his home at Lafayette, New Jersey, August 25.

Mr. LAWRENCE, 54 years old, was a member of the faculties of Princeton and New York universities. He had been an officer of the Empire since 1942 and compiled its *Letter*.

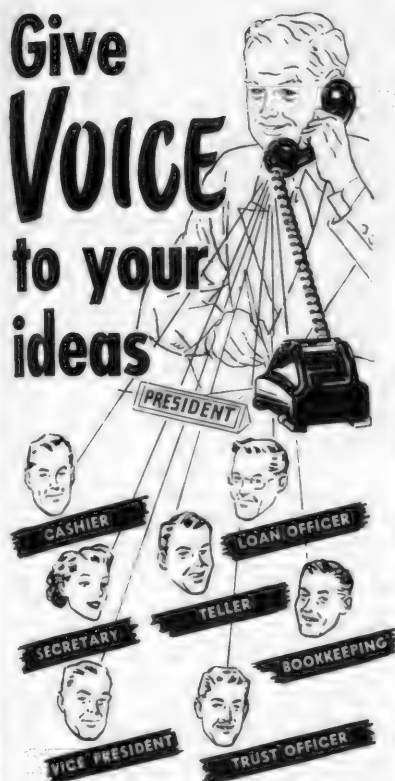
A native of Budapest, he came to the United States in 1903 and was graduated from Princeton. At one time he was on the editorial staffs of *World's Work* and *Review of Reviews*. He also wrote several books.

Mr. LAWRENCE was a member of the Economic Policy Commission of the American Bankers Association. His writings for *BANKING* over a period of several years included a number of forceful commentaries on the current economic scene.

Joseph Stagg Lawrence



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THE *INSIDE* VOICE OF BUSINESS

- With Select-O-Phone you can be in immediate verbal communication with one or all departments of your business—individually or collectively! Today, with so much to do in so little time, operations move faster when Select-O-Phone clears the line! Select-O-Phone is the automatic, private, *INSIDE* communication system! It requires no operator, provides instant dial service, is simple and inexpensive to install! Hundreds of firms have proved that Select-O-Phone speedily pays for itself out of savings! Select-O-Phone reduces unnecessary telephone expense to the minimum—does away entirely with rental expense on phones not needed for incoming or outgoing calls.

Get the facts. Find out how Select-O-Phone will increase efficiency and save money for you. Factory-trained dealers in principal cities . . . or write—

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R. G. Follis



P. F. Gray

RALPH G. FOLLIS, chairman of the board of Standard Oil Company of California, is now on the directorate of Crocker First National Bank of San Francisco.

PHILIP F. GRAY, senior loaning vice-president of Irving Trust Company, New York, has joined the board of directors.

JAMES HIGGINS has been promoted to vice-president and assistant manager at the Sacramento main office of American Trust Company of San Francisco.

WILLIAM J. CASEY, formerly vice-chairman of Maryland Trust Company, Baltimore, has been elected chairman of the board, succeeding the late HEYWARD E. BOYCE. Staff promotions include: Assistant vice-president, ROBERT D. H. HARVEY; assistant secretary and assistant treasurer, THEODORE A. MASTERMAN; assistant treasurer, CYRIL J. FURLONG and NORTON E. MORRISSETT; assistant secretary, HOMAN B. KINSLEY.

First Security Bank of Utah, National Association, has made A. J. WEST vice-president in charge of the investment department at the head office at Ogden. Vice-president V. D. STEFFENSON has been given general supervisory authority over all mortgage lending activities of the First Security Corporation System's 40 banking offices in Utah, Wyoming and Idaho. He was also made a director of the First Security Bank. Another new vice-president is S. R. NIELSON. R. G. WILLIE was advanced to assistant vice-president.

Advancements at the Central-Penn National Bank, Philadelphia: Assistant vice-president and trust officer, HARRY W. SCHAUBEL; assistant vice-presidents, JOSEPH A. CAMPBELL, THOMAS H. CHASE and R. S. SEASHOLTZ; assistant cashier and assistant trust officer, J. W. HARRIS; assistant cashier, HUGH R. BOYLE.

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Made to your individual measure . . .
hand blocked of mellow, smooth-textured
felt. Cushion-soft leather . . . hand-sewn
silk trim. Your name printed
in gold on leather. Brim may
be worn up or down. Choice
of 5 colors, each in 3 shades. **\$20**
POSTPAID

BOSTON HAT SHOP, Lowell, Mass.

Please make a Congressional for me. I
enclose check ☐ money order ☐ send
COD ☐. I expect 10-day delivery, and
full refund if I am not satisfied.

SIZE: Brim Width: Wide ☐
Med. ☐ Narrow ☐
COLOR: Grey ☐ Willow ☐ Green ☐
Brown ☐ Blue ☐
SHADE: Light ☐ Medium ☐ Dark ☐

Name
Address
City & State

BOSTON HAT SHOP CUSTOM HATTERS
FOR 27 YEARS
94 MIDDLESEX ST., LOWELL, MASS.



A. F. Spellman



J. Andrew Painter

ARTHUR F. SPELLMAN and J. ANDREW PAINTER have been appointed to vice-presidencies at The National City Bank of New York. New assistant cashiers are: THOMAS F. CREAMER, JAMES J. JAFFRAY, EDWARD A. JESSER, JR., and FEROL D. OVERFELT. Vice-presidents SPELLMAN and PAINTER are in the personal credit department.

Anglo California Bank of San Francisco has appointed PHILIP S. BRECK, JR., to an assistant cashier-ship.

ARTHUR J. MCCONVILLE was elected vice-president and WILLIAM G. DAHL trust officer of the La Salle National Bank of Chicago.

Trust Company of Georgia has made JOSEPH H. SHEEHY an assistant vice-president and STEWART MCGINTY, JR., an assistant secretary.

ELMO L. DRAUGHON is a new assistant vice-president of The First National Bank & Trust Company in Macon, Georgia.

MARCEL TUCCI, assistant secretary of the Union Dime Savings Bank, New York, has retired after 42 years on the staff.

JOSEPH C. HARRIS has been appointed assistant vice-president of the American Trust Company, New York. He was recently executive vice-president of the newly organized Lexington (North Carolina) State Bank.

New assistant cashiers at the First National Bank of Arizona are ROY R. YOUNG and DON STEWART.

JOHN H. PAYNE, JR., with The Colonial Trust Company of Waterbury, Connecticut, since last March, has been elected a vice-president. He was formerly director of public relations for the Connecticut Bankers Association.

PAUL L. ROUNSAVILLE, formerly

vice-president of the South Texas National Bank of Houston, is now president of the First State Bank of Gladewater, Texas. He succeeds ERNEST O'HEARN, JR., who accepted a vice-presidency at the First National Bank in Dallas.

DARRELL H. HAMRIC has been elected a vice-president of Republic National Bank, Dallas.

HAROLD R. JONES, formerly assistant cashier of the CAPITAL NATIONAL BANK, Austin, Texas, has been appointed assistant cashier and credit department manager of the SOUTH TEXAS NATIONAL BANK OF HOUSTON.

R. L. BRAME, president of the Citizens National Bank of Durham, North Carolina, for four years, has been elected chairman of the board. His successor in the presidency is CHARLES S. ALLEN, vice-president since 1947.

TYLER H. BLAND is a newly elected vice-president of Rapides Bank & Trust Company, Alexandria, Louisiana.

KERBY H. FISK, second vice-president of Prudential Life Insurance Company of America, is a new director of Montclair (New Jersey) Trust Company.

KLINE MCGEE, formerly a vice-president of the National City Bank in Dallas, has accepted a position with the South Texas National Bank
(CONTINUED ON PAGE 30)

Sterling V. Cramer, first vice-president of the Fifth Third Union Trust Co., Cincinnati, congratulates Vice-president Harry Nagel on completion of 50 years with the bank. Mr. Nagel started as a clerk with the old Fifth National





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Note that operator's eyes are focused on the posting media . . . not the keyboard! Because of the Underwood Sundstrand Touch Method there is no need to look at the keyboard . . . no tiresome head-

swing from posting media to keyboard. The modern Front Feed Carriage provides full visibility at all times . . . simplifies form handling.

Furnished with or without automatic check count feature.

When you're attending the American Bankers Association Convention, Sept. 24-27 at the Waldorf-Astoria, New York, be sure to see the Underwood Sundstrand Bank Model Accounting Machine, on display at:

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Name of Bank _____

Address _____

City _____ Zone _____ State _____

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CAST IN IMPERISHABLE BRONZE**

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DEPT. B • MINNEAPOLIS 6, MINN.**

(CONTINUED FROM PAGE 28)

of Houston, as vice-president and chief oil loan officer.

Election of JOHN TOWNSEND II as a director of The Farmers Bank of the State of Delaware gives the bank three Townsends on its board. The others are the newcomer's grandfather and father, respectively, JOHN G. TOWNSEND, former U. S. Senator and former governor, and JULIAN E. TOWNSEND.

PAUL FRANKE and VINCENT A. CARROZZA have joined the public relations staff of the Republic National Bank, Dallas. Mr. FRANKE heads the advertising section and Mr. CARROZZA is in charge of publicity.

HENRY W. WHITE, formerly with a stock brokerage firm, is on the staff of the National Bank of Tulsa as assistant vice-president.

JOSEPH A. CORRADO has been made an assistant secretary of Manufacturers Trust Company, New York.

WILLIAM A. SPAUGH, manager of the instalment loan department of the American Security and Trust Company, Washington, D. C., has been made an assistant vice-president.

Irwin-Union Trust Company of Columbus, Indiana, has promoted PAUL N. DINKINS to assistant vice-president and ADELBERT ENGLE to cashier. Mr. ENGLE succeeds DONALD B. SMITH, JR., now vice-president of the First National Bank of Kokomo.

Two Minnesota bankers visit the 47th Infantry (Viking) Division, MNC, at Camp Ripley. L. to r., Harold E. Wood, St. Paul investment banker; Julian B. Baird, president, First National Bank, St. Paul; and Cyril W. Plattes of General Mills





"Now you can see
America's most successful
NEW BANKING QUARTERS
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new banking quarters . . .

send for this

"Portfolio of Photos"

featuring 25 of America's
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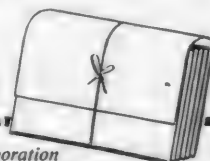
Like taking a nation-wide tour of America's newest banking quarters! You'll see interiors, exteriors of a cross-section group of 25 banks of all types and sizes . . . metropolitan, branch, suburban, rural. These photos are pictorial case-histories of the latest developments in departmental arrangement and equipment. You'll see architectural styles from Colonial to Modern. And we've included some of the banks featured in our recent report . . . whose deposit totals have increased an average of 33.7% since modernization! If you're contemplating a similar project, see America's most successful new quarters . . . right on your own desk-top. Simply mail this coupon today. No obligation.

Get your **COMPLIMENTARY** "portfolio of bank photos" today!



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large size photos of some of America's most successful new banking quarters! Many different types of architecture. Big banks, small banks located from coast to coast!



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On or about (date)
we contemplate the following projects for our bank:

☐ New Building ☐ Modernized Quarters ☐ New Fixtures

Name Title

Bank

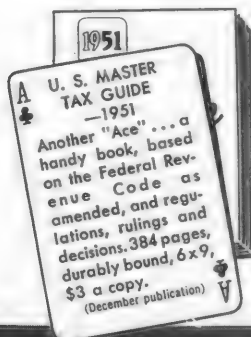
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David E. Williams, president, Corn Exchange National Bank, Philadelphia, appeared on the bank's opening program

So You're Thinking About Television

I. The Voice of Two Years' Experience

GEORGE J. WATTS, JR.

The author is assistant vice-president of the Corn Exchange National Bank and Trust Company, Philadelphia.

OUR bank completed two full years of successful television advertising on Wednesday, October 4, 1950, when the 104th program of "Open House" appeared over Station WPTZ, from 7 to 7:30 P.M.

The bank's selection of television as an advertising medium was made after a careful study of the then infant industry and its potentiality. A few courageous advertisers had already ventured into the field and were making a valiant effort to raise the standard of programs by appealing to families and home enjoyment. Convinced that television might well become a factor in institutional advertising, the bank determined to test its theory by trying the new medium. The de-

cision having been made, it became necessary to select with utmost care the type of program to be presented.

An unsponsored program known as "Pleased to Meet You," which consisted of interviews with interesting personalities from all walks of life, had been built up by Roy Neal, master of ceremonies at Station WPTZ. This program seemed to offer several features that appealed to the bank—the opportunity to attract viewers of every age and to present educational, cultural and business angles that would attract every member of the family. The program had a pulse of 4 when the bank purchased it. We changed the name to "Open House" and gave the first program on October 6, 1948, with guest appearances by Composer Harl McDonald, manager of the Philadelphia Orchestra; Ethel Peters, expert on shoe styling for women; Dr. Edward Bortz, past president of the American Medical Association;



Mr. Watts and two members of the bank's public relations staff appear in connection with a corn kernel guessing contest



Norris C. Bakke (left), associate general counsel of the FDIC, is interviewed by Roy Neal, master of ceremonies

Miss Margie Robinson, "Miss Press Photographer, 1950," made a guest appearance on "Open House" and invited the public to attend the annual press photographers' ball



Bret Morrison, "The Shadow" of radio fame; Don Shain, proprietor of "Tom Thumb" Hobby Shops; and Corn Exchange President David E. Williams. The public's response was immediate, and letters and telephone calls received by the bank testified to the gratification of set owners that programs of such calibre were now available. By the end of the first year the pulse of "Open House" registered 14 and now, two years later, shows 19.

On October 1, 1948, there were 80,692 television sets installed in the Philadelphia area. The industry estimated that every set had an average of four viewers, which brought to 322,768 persons the number that might see the program. By the end of the bank's first year on television, 285,923 sets had been installed in the area, with an estimated audience of 1,143,692. The tremendous increase in television prestige, as programs improved and sales increased, brought to 540,000 the number of sets in the area by August 1, 1950. Of this potential audience of 2,160,000, the Corn Exchange believes that the program attracts its fair share of viewers, since testimonial letters and increased business directly attributable to the television show continue to be received. We have often been told that "Open House" is a refreshing and ingenious presentation of "who's who and what's new" and is considered by many to be one of the outstanding television events of the week.

Improved public relations and increased business are, after all, the whole purpose of institutional advertising, and to obtain the full benefit of planned advertising no important media should be overlooked. We believe that television advertising is so important that our management carefully follows the various reports and figures available. Such a report—"The Hofstra Study"—answers most of the pertinent questions regarding the results that may be expected from television advertising. The following questions and conclusions are taken from this study:

- (1.) How much does TV advertising increase sales?
- (2.) How many new customers does it create?
- (3.) How much does a new customer cost?

1. A survey of matched groups of owners of sets and nonowners, according to the Hofstra Study, revealed an addition of as many as 47 new customers per thousand sets for a television advertised product with a low sales volume, a dentifrice, for example, over a period of four months. The study showed that brands not advertised on television lost sales in homes of set owners at the rate of 19.1 percent, and the proportionate increase in sales of the brands advertised on TV was 30.1 percent. The test demonstrated that the tradition and prestige of a product are not enough to overcome television competition. The brand of soap with the highest sales volume among nontelevision owners lost business in set-owned homes at the rate of 61 customers per thousand sets, with the customers going to a competitor using television advertising. Sales of durable goods showed the same trend, and sales effectiveness held up beyond the novelty stage. Thus it was proved that the advertiser using TV increases sales and the one not on TV loses sales among TV owners. The average return for all brands studied showed \$19.27 in extra sales for every \$1.00 invested in television advertising, making the ratio of 19 to 1. The survey

showed that one reason for this effectiveness is the fact that 73.9 percent of the viewers remembered the commercials. High commercial recall produces high sales—151 new buyers for every thousand viewers who remember the commercial.

2. The Hofstra Study showed that for every thousand TV sets owned, there were 98 new customers for the television-advertised product, 35 saved customers and 60 bonus customers (nonowning guest viewers)—a total of 193 extra customers. The number of people that television advertising influences is growing at the fastest rate in media history. From 200,000 homes that contained TV sets on January 1, 1948, the number increased to 4-million by 1950 and is expected to reach 27-million by 1955. A conservative estimate places the figure at more than half of the families in the United States by 1955. Today no magazine goes into as many homes as television and it is concentrated in the areas containing the major markets in the country. In the five top United States markets the circulation of televised material is almost double that of *Life* magazine.

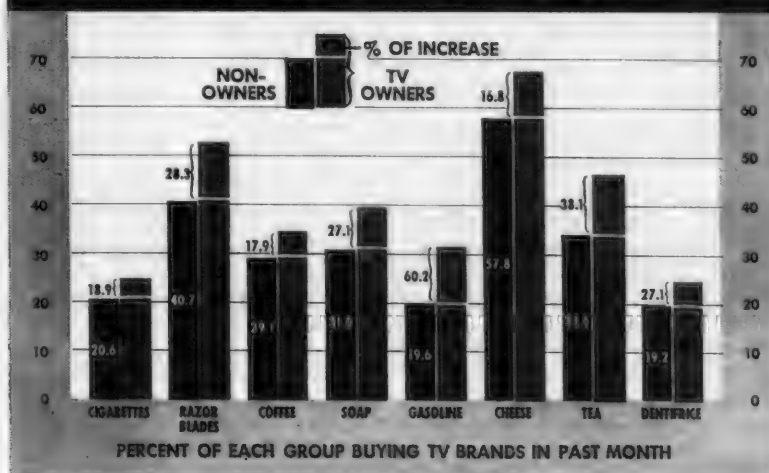
3. As TV circulation expands, the cost per thousand viewers declines. In comparison with other media—magazines and newspapers—the Hofstra Study proved that television is the most economical, delivering its message at the lowest cost per thousand. The survey covering costs was made in the Boston area, considered average for all television markets. The cost per thousand viewers there was \$2.99, compared with \$3.22 for weekly magazines, \$3.60 for Sunday supplements, and \$3.95 for the *Boston Post*.

Of the 15,000 banks in the United States, only 61 had regular television programs themselves by May of this year. The following list reflects the status of bank participation May 7 through 13, 1950. Banks are classified by cities and cover 34 cities in which television is available. "A" stands for announcement, "P" for participation and "S" for show.

BANKS USING TELEVISION ADVERTISING

City	Bank	Type	Station
Atlanta	Bank of Georgia	1A	WSB-TV
Atlanta	Bank of Georgia	1A	WAGA-TV
Atlanta	Citizens and Southern National Bank	5A	WAGA-TV
Atlanta	Citizens and Southern National Bank	1P	WSB-TV
Atlanta	Georgia Savings Bank	1A	WAGA-TV
Baltimore	Provident Savings Bank	2A	WBAL-TV
Baltimore	Union Trust Company	1A	WAAM
Baltimore	Union Trust Company	1A	WBAL-TV
Baltimore	Union Trust Company	1A	WMAR-TV
Binghamton	Marine Midland Trust Company	1A	WNBF-TV
Boston	First National Bank	1S	WBZ-TV
Boston	First National Bank	1A	WBZ-TV
Boston	National Shawmut Bank	8S	WBZ-TV
Boston	National Shawmut Bank	6A	WBZ-TV
Boston	National Shawmut Bank	15S	WNAC-TV

TELEVISION INCREASES SALES FOR EVERY PRODUCT CATEGORY



Boston	National Shawmut Bank	5A	WNAC-TV
Buffalo	Buffalo Savings Bank	5A	WBEN-TV
Buffalo	Erie County Savings Bank	1S	WBEN-TV
Buffalo	Manufacturers & Traders Trust Co.	1S	WBEN-TV
Buffalo	Marine Trust Company	1S	WBEN-TV
Buffalo	Niagara National Bank of Buffalo	2A	WBEN-TV
Buffalo	Western Savings Bank	3S	WBEN-TV
Chicago	City National Bank	1S	WGN-TV
Chicago	Exchange National Bank of Chicago	2A	WENR-TV
Chicago	Exchange National Bank of Chicago	1A	WGN-TV
Cleveland	Central National Bank	5S	WNBK
Columbus	City National Bank	1S	WTVN
Dallas-Ft. Worth	Dallas National Bank	1A	KRLD-TV
Dallas-Ft. Worth	First National Bank	3A	KRLD-TV
Dallas-Ft. Worth	Fort Worth National Bank	1S	WBAP-TV
Dallas-Ft. Worth	Republic National Bank	1A	KRLD-TV
Detroit	United Savings Bank	1S	WXYZ-TV
Erie	Security Peoples Bank	1A	WICU
Grand Rapids	Peoples National Bank	2A	WLAV-TV
Indianapolis	Fidelity Trust Company	2A	WFBM-TV
Lancaster	Fulton National Bank	5A	WGAL-TV
Los Angeles	Citizen's National Trust & Savings Bank	1S	KTTV
Louisville	Bank of Louisville	2A	WHAS-TV
Louisville	Citizens Fidelity Bank & Trust Company	1S	WAVE-TV
Louisville	Liberty National Bank & Trust Company	1S	WAVE-TV
Milwaukee	First Wisconsin National Bank	1S	WTMJ-TV
Milwaukee	Marshall & Isley Bank	1S-7A	WTMJ-TV
Minneapolis-St. Paul	First National Bank	1S	WTCN-TV
Minneapolis-St. Paul	Midland National Bank	2S	WTCN-TV
New Haven	Hartford-Connecticut Trust Company	2A	WNHC-TV
New Haven	Tradesmen's National Bank	3A	WNHC-TV
New York	Bowery Savings Bank	1S	WJZ-TV
Norfolk	Southern Bank of Norfolk	1S	WTAR-TV
Omaha	First National Bank	1A	WOW-TV
Philadelphia	Beneficial Savings Fund	1P	WCAU-TV
Philadelphia	Beneficial Savings Fund	1A	WFIL-TV
Philadelphia	Beneficial Savings Fund	2A	WPTZ
Philadelphia	Camden Trust Company	1S	WPTZ
Philadelphia	Corn Exchange National Bank	1S	WPTZ
Philadelphia	Land Title Bank & Trust Company	1S	WCAU-TV
Philadelphia	Philadelphia Saving Fund Society	5A	WCAU-TV
Phoenix	First National Bank of Arizona	5S	KPHO-TV
Pittsburgh	Peoples First National Bank	1S	WDTV
Rochester	Community Savings Bank	2A	WHAM-TV
St. Louis	Mercantile-Commerce Bank & Trust	1S	KSD-TV
San Diego	Security Trust & Savings	2A	KFMB-TV
Schenectady	National Commercial Bank of Albany	1S	WRGB
Seattle	National Bank of Commerce	14A	KING-TV
Seattle	Pacific National Bank	1A	KING-TV
Seattle	Seattle First National Bank	1A	KING-TV
Syracuse	First Trust & Deposit Company	1A	WSYR-TV

(CONTINUED ON PAGE 111)

II. Sugar-Coating the Sales Pill

RICHARD M. THOMASON

MR. THOMASON is in the advertising department of the Security-First National Bank of Los Angeles.

IF our mail is any indication, banks are becoming increasingly aware of the potentialities of television in the financial advertising field. In many ways, video is just what the doctor ordered for bank advertising. Since most bank services are pretty intangible, it's sometimes difficult to explain them adequately by either sight or sound alone. TV, of course, gives access to the eye and the ear at the same time, and, what's more, you can entertain while you sell.

Security-First National of Los Angeles was one of the first banks in the country to use television advertising. We bought our first spot more than two years ago, and have been enthusiastic users of the medium ever since. It's only natural that, since we were one of the first to get our feet wet, we have often been

asked by other banks what kind of TV ads we use and how we go about preparing them.

Security's television ads are "limited animation" cartoons transmitted from film on one- or two-minute spots over the various Los Angeles stations. They all involve a copyrighted character, Milford Muddle, the offspring of Parmelee-Patin studios of Hollywood, producers of our cartoon spots. Milford, whose life must have been sadly confused before the bank took him over, has to date bought a house, a car, and lots of Savings Bonds, while also saving his money and paying his bills by check. And he's done all this in an amusing way, nicely sugar-coating the sales pill which the public has digested in a very tangible way.

The pictures on these pages tell better than the proverbial thousand words how Milford is reborn like a celluloid genie each time we rub the magic budget. For those thinking in terms of TV for bank advertising, perhaps they'll find a helpful idea or two here. But we think the most important thing in relation to television advertising is—get in it. It's a good medium getting better by the minute. Once you're in you'll wonder why you waited so long.



1. D. Z. Albright, vice-president and manager of Security-First National's instalment loan division (left), discusses story board with Roy Swanfeldt, account executive for Foote, Cone and Belding advertising agency, and Ray Patin of Parmelee-Patin studio, producers of the film. The story board corresponds to a script. It gives the client a clear

picture of what the finished film will be like. The producer studies all available material on the subject to be animated and prepares the story board from that. It is then discussed at a "gag session" by client, agency representative and producer. Changes can easily be made at this stage. From this conference evolves the polished story board.



2. Narration and sound effects must be closely coordinated with animation. Here, Ted Parmelee roughs out a change suggested by Mr. Albright and George Knight, assistant manager of the Security-First's advertising department.



3. Producers work out the basic design of the film from the standpoint of layout and background. Technical knowledge of TV requirements is very important at this stage.



4. Figures are drawn on an animation desk containing a revolving disc. A glass plate in the disc and a light behind the plate enable the artist to see through several sheets of animation paper to draw progressive movements of the characters. The paper, which is slotted at the bottom, is held in registry by three pegs in the disc.



5. Pencil drawings are traced in ink on transparent sheets of plastic. After the figures are painted in their proper tones, the sheets are then photographed. Special paints adhere to the plastic yet remain pliable.



6. The animation camera makes a single exposure of each setup consisting of three or four transparent "cels," or plastic sheets sandwiched together over a background drawing to form a complete composition. Several layers of cels, rather than one comprehensive drawing on a single sheet, are used for each exposure so that portions of the characters can be animated without redrawing the complete scene.



7. After procession, the film is edited to the proper length to synchronize with the soundtrack and the job is finished.

Security-First's Milford Muddle Has a Narrow Escape

These are prints made directly from one of the Milford Muddle series—this one on instalment loans



Things were looking pretty rosy for Milford Muddle. He made fair money, and paid his bills as they came along. But Milford was only human—and the most unexpected things can happen to humans!



His bills began to haunt him. Big bills, little bills, middle-size bills. This worried him something awful until one day . . .



Stop! Don't be foolish. You can borrow on that car you own!



Don't be a knot head. Go to Security-First National Bank of Los Angeles; they'll give you a loan that will end your money problems!



There's no red tape at Security-First. They'll tell you exactly what your loan will cost.



Consolidate those debts the Security Way, then you can repay at low bank rates that'll suit you to a "T." Yes, you can get a personalized loan too, at Security-First National Bank.

It's an Old and Sacred Custom

THOMAS A. SCOTT

The author is treasurer and executive secretary of the Diocese of Southwestern Virginia of the Protestant Episcopal Church.

ONE day, through the primeval wood,
A calf walked home as good calves should.
He made a path all bent askew,
A crooked path, as all calves do.
Since then three hundred years have fled
And, I infer, that calf is dead.
But still he left behind his trail,
And thereby hangs my moral tale.
The trail was taken up next day
By a lone dog that passed that way.
And then a wise bellwether sheep
Pursued the trail o'er vale and steep,
And drew his flock behind him too,
As good bellwethers always do . . .

THAT, in verse form, is the beginning of an excellent poem, "The Calf Path," by Samuel Walter Foss, which beautifully describes the origin, the name and the shape of Milk Street in Boston.

A city's crowded thoroughfare.
And this, before men were aware,
The years passed on with swiftness fleet.
The road became a village street
* * *

A hundred thousand men were led
By one calf, near three centuries dead.
* * *

A moral lesson this might teach,
Were I ordained and called to preach,
For men are prone to go it blind
Along the calf-paths of the mind.
They follow in the beaten track,
And out and in, and forth and back,
And still their devious course pursue
To do the things that others do.

Yes, many things this tale might teach. . . .

In most of the courts in Virginia there is used a form of subpoena directing the sheriff or the city sergeant, as the case may be, to produce so-and-so in court at a given time as witness in a given case. And to insure faithful performance on the part of the officer the form carries a dire threat: "And this you shall in no wise omit, under the penalty of one hundred pounds Sterling."

They use that form today, notwithstanding the fact that we adopted decimal currency a hundred and sixty-odd years ago—or thought we did. It's probably due to what is euphemistically called "legal conservatism." They used that form in England before our country was born, and so —

But why begin like this a story in BANKING? Well —

When, in the early years of America, people began trading in stocks and organized the stock market, they

(CONTINUED ON PAGE 104)

BONDS

Treasury.		Dealers' 3 P. M.	Net Change
		Bid. Asked.	In Bid.
*1½s 1950	Dec..100.2	100.3	..
2½s 1954-51	June..101.10	101.12	..
*2s 1958-51	Sept..100.20	100.21	..
3s 1955-51	Sept..102.0	102.2	..
2½s 1953-51	Dec..101.18	101.20	-.1
*2s 1955-51	Dec..100.23	100.25	..
*2½s 1954-52	Mar..101.18	101.20	-.1
*2s 1954-52	June..100.31	101.0	..
*2½s 1955-52	June..101.11	101.13	-.1
*2s 1954-52	Dec..101.6	101.7	..
2s 1955-53	June..102.25	102.28	..
2½s 1956-54	June..104.20	104.23	..
2½s 1960-55	Mar..108.0	108.3	..
*2½s 1958-56	Mar..104.16	104.18	-.4
*2½s 1959-56	Sept..103.16	103.18	-.4
2½s 1959-56	Sept..109.16	109.19	-.5
2½s 1963-58	June..111.22	111.25	-.2
*2½s 1962-59	June..101.4	101.6	-.3
*2½s 1962-59	Dec..101.3	101.5	-.3
2½s 1965-60	Dec..114.6	114.9	-.4
*2½s 1967-62	June..103.3	103.5	-.4
*2½s 1968-63	Dec..102.13	102.15	-.5
*2½s 1969-64	June..101.26	101.28	-.6
*2½s 1969-64	Dec..101.20	101.22	-.5
*2½s 1970-65	Mar..101.16	101.18	-.4
*2½s 1971-66	Mar..101.15	101.17	-.5
*2½s 1972-67	June..100.28	100.30	-.5
*2½s 1972-67	Sept..104.24	104.26	-.5
*2½s 1972-67	Dec..100.28	100.30	-.5

*Subject to Federal taxes. Quotations after decimal point represent 32ds of a point.

Left, Government bond table. ("Not a decimal point. . . . Just a dot.") Below, the Royal Exchange in 1828. This is probably where the fraction trouble started



The Answer Man

By GENE CARR



Mr. Larkin, you're a banker. I have a lot in South Canarsie. Could you give me some advice about it?



Larkin! You're just the boy I want to see! I need some advice. What should I do with my Tin Can stock?



By the way, Mr. Larkin, Murphy, here, is retiring from the force. How can he get a job in your bank?



Say, Mr. Larkin! I'm taking a correspondence course in banking. How can I put it to good advantage?

Eight Episodes in Banker Larkin's Day



Mr. Larkin, I'm getting married. Can you give me some advice? How can I get a loan from the bank?



My wife just collected \$300 on an accident policy. Give me some advice on how to invest it, Mr. Larkin?



Oh, Mr. Larkin! What would you think's a good buy on the stock market today? Have any ideas for Pete and me?



The laundryman was here today. He's such a nice fellow and has a large family. He wants you to advise him . . .



Mr. Shelton (lighting cigar) with James Muassatti, general manager of the California Chamber of Commerce, standing outside the entrance of the Security-First National's head office. Mr. Shelton is a former president of the chamber

THE wide reputation of James E. Shelton as a speaker should not be allowed to obscure entirely that other equally important part of him, his genius as a listener.

If a man of such varied sides and interests can be said to have one outstanding characteristic it is his ability to be silent and eagerly attentive in all languages. This absorbing habit must account in some degree for the breadth of view, the scholarly background and practical 20th Century philosophy running constantly through his spoken words.

A few years ago 212 Eagle Scouts of the Los Angeles area attended a 30th anniversary dinner as guests of business, educational, and professional leaders. Jim Shelton, a member of the Scouts' executive board, was the principal speaker and the young men who heard him have plenty of reason in these critical times to remember his words.

Among other things he told them:

This country of ours never needed leaders more than it does today. Our very American form of government is founded upon the belief that the individual citizen has the intelligence to know what is best for his country and its citizens, and has the character and courage to follow this intelligent judgment. During most of our history that has been largely true. When and if it ceases to be true, our American system of individual liberty, of private ownership of property, and of self-government is through. We need and want the right kind of leadership from the youth of today who will be the men of tomorrow. Where can we better turn to look for it than to the boys in Scouting and particularly to the Eagle Scouts who are the best exemplification of Scouting. You are that kind of

James E. Shelton, *President*

boys, and you will be that kind of men. We men believe in the high standards of character and conduct which you have subscribed to as Scouts. As men and boys here together tonight, let us renew our determination that in our future lives, whether at home, in school, in the armed forces of our country, in business, or in the political life of our city, our state, or our nation, we will be trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean, and reverent. Think of the influence for good that we could wield in this old world if, shoulder to shoulder, we men and boys fully lived up to our opportunities and responsibilities. It would make this a much better world to live in—and it would be fun, too.

Career

The new chief executive of the American Bankers Association is president of the Security-First National Bank of Los Angeles. He has had a distinguished career marked throughout by a firm belief in the American system of free opportunity and unwavering faith that it will be preserved.

Jim Shelton was born in California and has spent most of his life there. As a boy he lived in the Sacramento, San Joaquin, and Santa Clara valleys and graduated from the San Jose High School.

One of his many activities was debating. When he entered Stanford University, he represented it on the intercollegiate debating teams in his sophomore, junior, and senior years. In his junior year he won the Carnot Medal for extemporaneous speaking.

But the platform did not monopolize his interest. There was one occasion when he represented the University in the intercollegiate debate one night and won points in the Stanford-California track meet as a two-miler the next day.

Mr. Shelton continued two years at Stanford after graduation and received his J. D. in 1912. Soon after entering the practice of law in Los Angeles he attracted the attention of the late Joseph F. Sartori, who was then president of the former Security Trust & Savings Bank of Los Angeles.

He has been identified with the Security Bank System for 31 years. He became assistant trust officer of the Security-First National Bank in 1919; secretary in 1920; vice-president and secretary in 1921; and in 1934 was named chairman of the executive committee. He was elected president of the bank in 1946.

Mr. Shelton has long been active in the affairs of the California Bankers Association, the Association of

(CONTINUED ON PAGE 44)

"Service Is the Rent One Pays..."

OLIVER CARLSON

MR. CARLSON is a well known lecturer and the author of a number of biographies, including *Hearst: Lord of San Simeon, Brisbane: A Candid Biography, and The Man Who Made News*. He is an active labor relations consultant, and was formerly chairman of the Motion Picture Alliance Forum, organized to defend the American system against both fascism and communism.

"SERVICE," declared James Shelton, back in 1946, "is the rent one pays for the space he occupies in this old world."

"Every man," he added, "owes some contribution to the maintenance, support and welfare of our economic, political, and social system from which he benefits."

For nearly 40 years, James Shelton has been paying for the space he occupies. In his native state of California, as well as in the city of Los Angeles, he has been practicing as well as preaching his creed of civic and social responsibility.

If you named the scores of community and state-wide organizations, causes, and drives to which Jim Shelton has given time, counsel, money and leadership, you would have a long list of outstanding civic organizations in California. In war and in peace, in boom times and depressions, he has willingly answered the call of his community to serve his fellow man.

But James E. Shelton is not just a "joiner." And he views with disfavor people who are mere "letterhead" members of community organizations.

"It has long been my policy to examine carefully into the aims, purposes, and leadership of any organization I am invited to join. This has undoubtedly limited the number of organizations to which I belong. But it has prevented me the embarrassment, at some later date, of having to explain why my name was as-

sociated with an organization under public suspicion or scrutiny.

"In addition," declared Mr. Shelton, "I refuse to be a mere letterhead member of any organization. If I belong, I want to take an active part. During the last few years, at least, I have made it my policy to devote all my efforts to a single specific organization at any one time. At one period it was the Eagle Scouts, at another the Shriners, Rotary, the Los Angeles or the California State Chamber of Commerce. At present, my major interest is the American Bankers Association."

Mr. Shelton has also developed a very practical working formula regarding the time to be given to civic affairs.

"The community banker," he insists, "should participate in worthwhile civic community undertakings to a degree consistent with his primary obligations to his family and his business. He should not, however, permit his own house, figuratively speaking, to burn down while he is out saving the community or the world.

"I have known many businessmen who boasted how they had neglected their own business for an entire year

while serving as president of their local service club, fraternal organization, veterans group, or chamber of commerce. The demands upon anyone holding such a position are always very great. I am firmly of the opinion that you must never neglect either family or business while occupying such a position. I have been honored by serving as president of many organizations, yet I have never to the best of my knowledge, neglected my responsibilities either to my bank or to my wife and children.

"How was this accomplished? Well, in part by delegating authority for part of the job to others. Let the vice-presidents, for example, make many of the speeches and attend the luncheons and dinners where a top official of the organization is expected to be in attendance. This not only satisfies the local groups, but it also gives the vice-presidents a chance to show what they can do. A second important time-saver is to have the paid officials of the organization handle all routine matters. I can therefore concentrate on the more important problems of policy and program. And finally, I arrange to take care of a great deal of the

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Henry N. Thompson (left), secretary-manager of the Los Angeles Clearing House Association, Mr. Shelton, and H. D. Ivey, president of the Citizens National Trust & Savings Bank of Los Angeles



(CONTINUED FROM PAGE 42)

Reserve City Bankers, and the American Bankers Association. He has been chairman of Group V of the California Bankers Association and a member of the CBA's executive council. In 1941-42 he served as vice-president of the California association, and in 1942-43 was its president. Since 1946 he has been a member of the association's committee on legislation and taxation.

Since 1948 Mr. Shelton has been a member of the board of trustees of the banking research fund of the Association of Reserve City Bankers.

In the American Bankers Association, he has served as a member of the Federal Legislative Council, and as state vice-president for California of the National Bank Division. He has been a member of the A.B.A. Executive Council for two terms—1943-45 and again in 1948-49.

His corporate affiliations include: chairman of the board, Los Angeles Trust & Safe Deposit Company; chairman, Pacific Southwest Realty Company; director, Los Angeles Investment Company; and director, Southern California Edison Company.

Among the civic posts held by Mr. Shelton over the past 20 years are the following: director, Los Angeles Chamber of Commerce and president in 1946; and director, California State Chamber of Commerce and president for the year 1949-50.

Mr. Shelton is married and has three sons: James, Jr.; Thomas Calhoun; and Robert Calhoun. He makes his home in Los Angeles.

Bedrock Thinking

At a time when words have lost their true meanings and events conspire to increase the prevailing confusion in politics and economics it is reassuring to tune in a voice that is clear, bedrock American, unmistakable and confident. For example:

The outbreak of war in Korea has changed many

Mr. Shelton addressing the A.B.A. Mortgage Conference in Los Angeles in 1947



Mr. Shelton (right) attended the convention of the Alabama Bankers Association last May. He is shown here with George H. Denniston, (left), A.B.A. state vice-president for Alabama and president, American National Bank & Trust Company, Mobile, and Roland L. Adams, secretary-treasurer of the Alabama Bankers Association

things, but it has not changed the need for a progressive, vigorous, and sound banking system. On the contrary, there is a greater necessity than ever for a banking structure that can take the stresses and strains of the new crisis and meet the financial needs of industry and the Government on a proper basis.

It is fortunate indeed for the banking system and for the country that in the past decade bankers have had the prudence and foresight to use a large portion of bank earnings to strengthen the capital structure of their institutions. This policy has kept dividends down, but has prepared the banks to meet more adequately the job currently facing them.

Now that we are again—though to a degree as yet unknown—entering a war economy, there is a greater need than ever for efficiency, economy, and sound financial practices on the part of the Government. Bankers, like all good citizens, should keep a watchful eye on their Government with two important objects in mind:

(1) We should insist that needless domestic spending be curtailed so that we may better meet the heavy demands of national defense. The funds, materials, and manpower that will be needed to secure the nation's safety must not be wasted on unnecessary, unsound, or Utopian schemes. We must bring to a halt the ever-expanding and costly programs of doles, subsidies, and so-called social welfare, if we are to save our national credit and assure a sound economy.

(2) We must be on guard to see that wartime controls over the economy and the wartime regimentation of the people are terminated at the earliest possible moment. The theorists and the "planners" must not be permitted to use the war as a device to foist a socialist system upon us. We must be on the alert more than ever before to preserve the competitive free enterprise system and the American way of life. We must not permit the destruction at home of the freedoms which we are fighting to preserve abroad. While absorbed in the effort to keep our country safe, we must not permit the destruction of the things that have made our country great.

Bankers have a special obligation in a period such as this. As the custodians of other people's money, we are charged with the safety of their savings and other funds. While our legal obligation is merely to repay dollar for dollar the money deposited with us, I feel strongly that

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METHODS and IDEAS

This department is edited by JOHN L. COOLEY of BANKING's staff.

Free Service for Servicemen

FIDELITY-PHILADELPHIA TRUST COMPANY of Philadelphia has a timely idea which it's glad to share, through BANKING, with other banks.

This institution is providing two free services to men and women called to active duty with the Armed Forces: Experienced advice on financial problems and safekeeping of valuable papers.

The idea was first offered to commanding officers of local units of the 28th Division, and the bank sent four staff members to armories where they were available for consultation. Many men took advantage of the opportunity to discuss such problems as "What happens to my new car?" "How can I make a will?" "What about the mortgage on my new house?"

The Philadelphia *Evening Bulletin* heard about the bank's generous offer, and carried a feature story on it. Then the Fidelity executives saw

no reason why help should be offered only to the National Guard, and on September 1 published in the newspapers a notice offering aid to all men and women entering the Armed Forces. The bank announced that it would gladly send representatives to military or naval units, on request of commanding officers. Individuals were invited to come to the bank for consultations.

Also, Fidelity pointed out that people going into service would need a safe place for valuable papers during their absence, and offered space in its safe deposit vaults—at no cost.

The idea originated with Frederick C. Rogers, an assistant secretary of the bank and a former lieutenant colonel in the 28th Division.

The Tune Is Familiar

STATE-PLANTERS BANK AND TRUST COMPANY of Richmond used a novel newspaper ad series on behalf of its Chex account service.

Several well known slogans of national advertisers, notably the cigarette makers, were adapted to the

Part of a State-Planters ad that adapted a famous slogan

bank's purposes and used as leads to the message. For instance:

"We're banking men, not medicine men... but we do have a prescription for sound business transactions. Use a State-Planters checking account...."

"Always Buy Chex... They Justify."

"Call for Prestige, Accurate Records, Safekeeping, Proof of Payment...."

"The Pause That Impresses... Writing a check takes only a pause in your daily routine."

"Woman of Distinction... She pays bills by Chex."

The bank also ran a weekly series of newspaper ads featuring staff members whom the public meets. It was titled "Our Folks." Pictures of the staff at work (each was identified) were prominent.

Bringing the Bank to the Patients

SECURITY-FIRST NATIONAL BANK of Los Angeles has opened an unusual banking facility at the Long Beach Veterans Hospital.

The unit has a specially designed teller's window at which paraplegic

Banking at the VA Hospital, Long Beach. Note design of teller's window at right—space under counter to admit legs of wheelchair patients.





Bank of Montreal, first bank on record to sponsor a booth at the Canadian National Exhibition in Toronto, built its display on the subject of personal planning. Clever poster cartoons invited the passer-by to investigate "Personal planning for successful home-makers," which was also the title of an illustrated brochure distributed to visitors. B of M staff people were on hand to help with budgetary and other financial problems

patients can transact their banking business from wheelchairs. One of the bank's check desks is also of wheelchair height for the convenience of patients.

The facility is operated as part of the bank's main Long Beach branch.

Explaining a Statement

The ELYRIA (Ohio) SAVINGS & TRUST COMPANY published a statement that set forth the items "so as to make it easier for you to understand."

"We have received much favorable comment on it," Robert H. Rice, chairman of the executive committee, tells BANKING.

Most of the newspaper ad that presented the statement to the public is shown in the accompanying illustration.

Cashing Checks for Strangers

FARMERS BANK OF THE STATE OF DELAWARE, Dover, has prepared a list of suggestions for its commercial customers in regard to cashing strangers' checks. The information is circulated on a printed card.

Although the general advice is "don't," the bank offers these eight simple rules in cases where "you feel you must cash" a stranger's check:

"1. Have the stranger sign his name on a piece of paper while you watch.

"2. Have him show you credentials which bear his signature. Keep in mind that credentials get lost or stolen and possession of credit cards, driver's licenses, etc., are not alone dependable identification.

"3. Compare the new signature with signature on the credentials.

Part of the Elyria bank's statement. Not shown is the note that goes with Bank Premises. It says: "What we've invested in Bank Building and Fixtures above that figure has been absorbed through earnings and "written off"

"4. If you are not completely satisfied do not cash check.

"5. Be especially careful if a stranger wants to get money in addition to merchandise.

"6. Remember: an honest man admires you for being careful and welcomes an investigation. A crook resents it and criticizes or becomes sarcastic in the hope this will cause you to relax.

"7. Professional crooks carry impressive looking checks printed with names of real or fictitious companies. They can buy them in any city, even printed with the names of local firms.

"8. If you get a 'hot' check, immediately notify the police and they will send out an emergency warning which may result in arrest of the check-passer and the return of all or part of your loss."

A Message to Manufacturers

The FIRST NATIONAL BANK AND TRUST COMPANY of Paterson, New Jersey, published a newspaper ad that promoted the defense effort, gave a friendly pat to the local chamber of commerce, and furthered the bank's own public relations.

(CONTINUED ON PAGE 119)

A Bank Statement That Tells Our Story

Here's ours of June 30, 1950, re-grouped and explained so as to make it easier for you to really understand:—

418 people, called stockholders, no one owning over 3% of our stock, have by cash paid in or earnings left in, put up money to do business as a Bank. This we show as four items:—	CAPITAL	\$ 500,000.00
	SURPLUS	\$ 500,000.00
	UNDIVIDED PROFITS	\$ 115,737.20
	RESERVES	\$ 75,000.00

Total Stockholders' Money to Protect Customers, known as "Capital Accounts", \$ 1,190,737.20

Over 16,600 firms and individuals have left money with us. This we show as:—	DEPOSITS	\$15,552,481.98
Of course we owe certain current operating expenses, etc. These we show as:—	OTHER LIABILITIES	\$ 63,208.39

Total Money belonging to Stockholders, Depositors and Others, known as "Total Liabilities", \$16,806,427.57

WHAT HAVE WE DONE WITH THAT MONEY?

Of it we've loaned to over 2,070 local borrowers, to help them get ahead:—	LOANS	\$ 5,556,346.47
Part we've invested in quickly salable U. S. Government Bonds and other high grade securities.	BONDS AND SECURITIES	\$ 8,580,579.39
Part is shown as invested in Bank Building and Fixtures. See Note*	BANK PREMISES	\$ 121,000.00
Part is otherwise invested.	OTHER ASSETS	\$ 42,267.79
The rest we keep in our own vaults and in other good banks in other cities.	CASH	\$ 2,506,233.92

What we really own, known as "Total Resources" \$16,806,427.57

Washington



HARRIS & EWING

The North Atlantic nations' Chief of Staff Committee meets in Washington. In the center at the head of the table is U.S. Admiral William M. Fechteler, presiding

Elections Will Soon Be Over

LAWRENCE STAFFORD

THE country is moving into a military economy, although not with quite the awkward haste that Pearl Harbor made inevitable. Mr. Truman admitted to the public that military expenditures were being doubled. But, while the President was admitting only that much, the informed in the nation's capital knew that the military planners were getting set to move much further.

After the election perhaps the Administration can admit a little more about how far the Government plans to take the country into the military economy. Total Federal budgets of \$70-billion and beyond by fiscal 1952 and thereafter were in sight even before the President made his address.

One of the things which can be straightened out in due course, with the election out of the way, is that question of how far the Federal Reserve Board should go in curtailing bank credit. The Board was preparing earlier in the month, waiting a favorable time to announce it, to boost the required reserves of member banks.

Mr. Truman, on the other hand, indicated that he stressed, far more than people expected, the idea of expanding industrial plant capacity. He wants to do this not merely to mitigate the force of controls diverting production away from civilian to military goods, to make the sacrifices of civilians as light as possible. He wants also to do this because in conjunction with the war he means to follow through as he implied in his radio talk, with the objectives of the "economic expanders."

Plant expansion, however, requires loans. It is doubted that the Administration intends that all the increased plant capacity shall be financed by the Government. Even if the President so intended, Congress would not permit this.

This runs head on into the Federal Reserve policy which is designed to restrict business loans.

FR Policy Is Old Story

What made the latest Federal Reserve Board pronouncement receive so very much attention was the fact

that the Board followed through with independent action designed to compel acceptance of its viewpoint. The pronouncement was the formerly confidential memo by the Board to Congress setting forth its recommendations for the control of inflation.

One phase of this weighty and sincere list of sound monetary commandments was its emphasis upon increasing short-term interest rates. The theory of this is that with greater yields on Governments, banks would prefer them to commercial and other lending. The recommendation made generally in the memo was followed by more specific advice to the Treasury by the System's Open Market Committee.

Treasury Finances on Pre-Korean War Pattern

Nevertheless, the Treasury followed the pre-Korean war pattern in its September financing, by issuing 13-month, 1¼ percent notes. The Reserve System countered by raising discount rates, and operating in the

open market to establish in fact a new rate of about 1½ percent on 90-day money.

It was anticipated that the Treasury would not find it necessary to raise any substantial amount of new money, other than that picked up on weekly bill issues, before some time next winter.

On the particular issues in dispute with the Reserve System, short-term money rates and the proposal for a regularly-available "on tap" non-market issue, the Treasury had its own viewpoint.

This was said to be that when the time actually arrives when substan-

tial new financing will be required, then is the time to fix the pattern of war financing.

Interest rates, maturities, and types of issues can be gauged in terms of not only the money market situation of the time, but in terms of a better idea of the total budget and war picture.

It also is reported that the Treasury has not necessarily eliminated the possibility of higher short-term rates.

Consumer Credit Terms Will Hold

Initial terms prescribed for the

sale of consumer durables and for loans to finance purchase of such articles are expected to hold for at least a few months. Under the Defense Production Act of 1950 the Federal Reserve Board established a minimum down-payment of one-third on automobiles with a maximum maturity of 21 months. For most appliances it was 15 percent and 18 months. On home repairs and alterations, the minimum terms were 10 percent and 30 months. Furniture and rugs can be financed with 10 percent down and 18 months to repay.

(CONTINUED ON PAGE 76)

Part of the President's Executive Order 10161

Delegating Certain Functions Under the Defense Production Act of 1950 and of Special Interest to Banks

By virtue of the authority vested in me by the Constitution and statutes, including the Defense Production Act of 1950, and as President of the United States and Commander in Chief of the armed forces, it is hereby ordered as follows:

PART I. PRIORITIES AND ALLOCATIONS

Section 101. The functions conferred upon the President by Title I of the Defense Production Act of 1950 are hereby delegated as follows:

(a) To the Secretary of the Interior with respect to petroleum, gas, solid fuels, and electric power.

(b) To the Secretary of Agriculture with respect to food, and with respect to the domestic distribution of farm equipment and commercial fertilizer.

(c) To that commissioner of the Interstate Commerce Commission who is responsible for the supervision of the Bureau of Service of the Commission, with respect to domestic transportation, storage, and port facilities, or the use thereof, but excluding air transport, coastwise, intercoastal, and overseas shipping.

(d) To the Secretary of Commerce with respect to all materials and facilities except as provided in paragraphs (a), (b), and (c) of this Section 101.

Section 102. Each delegate referred to in section 101 of this Executive order shall, in connection with carrying out the priorities and allocations functions delegated to him by such section, (a) receive from appropriate agencies of the Government information relating to the direct and indirect military, other

governmental, civilian, and foreign requirements for materials and facilities, (b) review and evaluate such requirements in the light of available materials and facilities, and (c) exercise his priorities and allocations powers in such manner as will in his judgment promote adequate supplies and their proper distribution.

Section 103. (a) Each delegate referred to in section 101 of this Executive order shall be a claimant before the other such delegates, respectively, in the case of materials and additional facilities deemed by the claimant delegate to be necessary for the provision of an adequate supply of the materials and facilities with respect to which delegation is made to the claimant delegate by the said section 101.

(b) Each delegate under section 101 of this Executive order may, with the approval of the Chairman of the National Security Resources Board, designate agencies and officers of the Government, additional to the claimants referred to in section 103(a) of this Executive order, to be claimants before such delegate with respect to stated materials and facilities.

PART III. EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

Section 301. The Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the Department of the Interior, the Department of Agriculture, and the General Services Administration, in this Part referred to as guaranteeing agencies, and each delegate under section 101 of this Executive order shall develop and promote

measures for the expansion of productive capacity and of production and supply of materials and facilities necessary for the national defense.

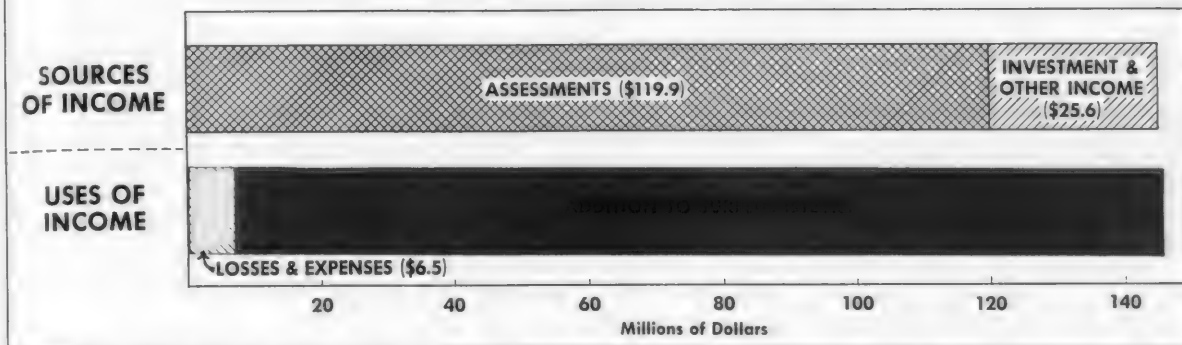
Section 302. (a) Each guaranteeing agency is hereby authorized, in accordance with section 301 of the Defense Production Act of 1950, subject to the provisions of this section, in order to expedite production and deliveries or services under Government contracts, and without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve Bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Each Federal Reserve Bank is hereby designated and authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of the said section 301.

(CONTINUED ON PAGE 112)

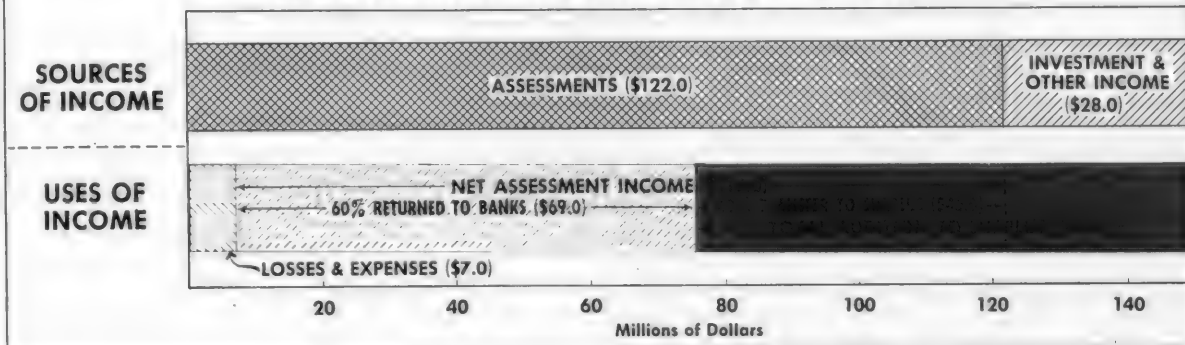
Deposit Insurance Assessments Under The New F.D.I.C. Act (Passed by Congress and at time of going to press awaiting the President's signature)

HOW WAS THE F.D.I.C. INCOME USED IN 1949?



Above: In 1949, insured banks paid \$119.9-million in assessments at the rate of 1/12 of 1% of deposits. Adding \$25.6-million investment and other income and deducting \$6.5-million expenses and losses, F.D.I.C. increased its surplus \$139-million in 1949

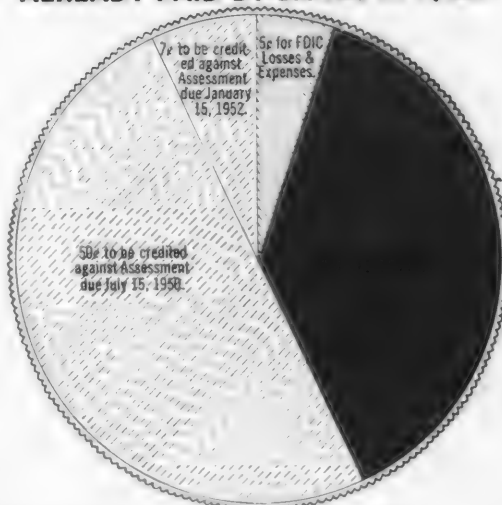
HOW WILL THE ESTIMATED INCOME FOR 1950 BE DISTRIBUTED UNDER THE NEW F.D.I.C. ACT?



Above: It is estimated that insured banks have paid \$122-million in assessments in 1950. Since losses and expenses for the year are likely to be \$7-million, \$115-million of "net assessment income" will remain. The new Act provides that 60% of "net assessment income"—equal to \$69-million for the year 1950—is to be credited to insured banks. They will receive the first credit against the assessment due July 15, 1951, which is likely to be \$61-million, at the rate of 1/12 of 1% of deposits. The remaining \$8-million credit will be applied against the assessment due January 15, 1952. The other 40% of 1950 "net assessment income," or \$46-million, together with \$28-million investment and other income, will be transferred to surplus. Interest of about \$80-million on the retired Treasury capital is to be paid from surplus. Payment of half this amount in the last half of 1950 will reduce the increment in surplus to \$34-million for 1950, the remaining half to be paid in first six months of 1951

Right: A bank can estimate its assessments credits to be obtained on July 15, 1951, and January 15, 1952, by multiplying the 50¢ and 7¢, respectively, by the number of dollars in assessments paid in 1950

WHAT WILL HAPPEN TO THE ASSESSMENT DOLLAR ALREADY PAID BY BANKS IN 1950?



(Prepared by Eugene C. Zorn, Jr., Secretary, A. B. A. Research Council.)

A Time to Watch Our National Step

BANKING's Readers Speak

Here are bank presidents' views on the biggest problems currently facing the nation and the banks.

In preparing the bankers' views for publication, *BANKING* immediately bumped into a problem of its own—space. Considerable editing was therefore necessary, not only to make room for as many opinions as possible but also to reduce duplication of views.

The bankers whose ideas are set forth are presidents or other chief executive officers of banks. Generally speaking, the comments, as we said last month in introducing this "Voice of the Reader" feature, form this general pattern:

We're up against fighting communism at home and abroad without losing our system of free economy at home. There is a need for better leadership nationally and for better bank service locally.

PEOPLE are asking for social security with the blithe thought that this can come from the Government like turning on a water faucet. In other words, giving no thought to the fact that none of us can have social security unless we have financial security.

Through the years of the New Deal, followed by the regimentation which came with World War II, we have nearly lost our perspective as regards the relationship that we have to government, and that government has to each of us.

A generation that is now in being may awaken before too long to a rude shock when they find that government can give no more than it receives—that regimentation, once started, may move slowly but always surely—and that a return to past freedoms is more and more difficult after we relinquish a part of them.

Our greatest assets are our enormous industrial strength, our initiative, and our capacity for mass production. There are "planners" in our nation's capital who envy the strength and ability of business and industry.

* * *

Inflation seems to be taking another upward spiral. People in gen-

eral do not seem to be making much of an effort to live within their incomes, but have a tendency to borrow to buy things rather than to wait until they can accumulate sufficient funds to purchase the desired articles. I attribute this lack of thrift to the national policy that has been in vogue during the greater part of the last 20 years. In spite of all the spending, our time deposits are gradually increasing, but with the large national income the volume of saving should be greater.

Our national debt and the mounting deficit of the National Government are our gravest problems. We are now forced to increase our military expenditures, but it seems to me that with all the spending we have been doing since the end of World War II we should be much better prepared. We are not managing our national affairs efficiently and getting value received for the money we spend.

* * *

With mounting Government debt with its corollary, increased taxation, how can we maintain the economic equilibrium of the nation? While it is true that with high production we may look forward to continued high employment and wages, the danger is inflation and its serious consequences leading to the unbalancing of the economic system.

It is apparent now that in order to meet the rearmament program caused by the Korean situation we should pay-as-we-go even though it places greater sacrifices upon the public and business. It appears to me that the policy of the Federal Government for the past five years of increasing the public debt and operating at a deficit will now be proved conclusively to have been wrong. We must now begin to pay for these extravagant expenditures, in order to protect the credit of the nation and to assure the American people that the purchasing power of the dollar will not depreciate below its present level.

National problems: inflation, created in part by Federal deficit financing; U. S. Government controls and their further encroachment; and a tendency on the part of our state and local governments to reach out for additional controls and additional taxes to pay for the further multiplication of government functions. The Government, apparently, wants to supplant private business in too many fields, which is most unnecessary. We have been taken a long piece down the road from democracy toward socialism.

Bankers and other citizens should assume more leadership in many governmental matters.

* * *

Our problem is to maintain the independence of each country bank unit which has successfully served its community for many years. Today, with the many new services which we want to offer our customers, plus the Government accounts, plus reports requested by the Government and by banking groups, the cost of increasing our personnel and equipment to accomplish all this daily routine is fast climbing to our maximum income. That the spread here is becoming smaller and smaller is evidenced by the merging of so many small bank units with their nearest city units.

* * *

The chief problem facing bankers today is that of attempting to meet the demands that will be made upon them in what appears to be a struggle for the survival of humanity. Financial institutions play a major part in the lives of all individuals. Each individual banker must realize that there is no precedent to be followed.

The problems will be greater than those he has perhaps experienced in the two previous wars. The extension of credit not only in the commercial field but in the field of home finance is most important, and here the banker can play a construc-

tive role. He will also be forced to accept additional burdens brought about by an increased deposit liability, which will probably have to be used in purchasing Government securities in order to make available the funds necessary to finance any great conflict.

We are already committed to the support of the democratic way of life. Any other form would be of no interest to us. It is better that we extend ourselves to the limit rather than lose that sacred privilege of living in the democratic world through default, or the failure to fight for it.

* * *

Problem No. 1 is the many and various lending agencies that are taking away from the bankers the functions that rightfully belong to them—loans to farmers and businessmen. These agencies pay no taxes, and they operate on such uncertain collateral that eventually millions may be lost.

* * *

As a nation, our chief problem today is to keep America free. We must keep it free both militarily and politically. To accomplish these objectives, we must fight every day to

preserve those fundamentals we have fortunately retained and we must battle constantly to regain those other fundamentals of the American system which have been emaciated almost beyond recognition, or even discarded entirely. For America to survive as a free nation among free nations, we must keep our money sound; we must preserve free enterprise; and we must adhere constructively to the letter and ideals of the Bill of Rights.

* * *

The first problem we face as bankers is the possibility that the banking system will be nationalized. We are all familiar with the reports which indicate that a small change in the percentage of the people who are either indifferent to nationalized banking or are actively supporting it, would make a majority against us. We are not doing enough to acquaint the public with the place we hold in the community and the necessity for the continuance of independent banking if the nation is to remain free from what is going on in Great Britain today.

* * *

I do not hesitate to say that the preservation of free enterprise in

banking is the greatest single problem that confronts us as bankers. We must devise some way of checking the steady nationalization of credit in America, or the day will come when all bankers will be working for the Government. Banking must concern itself to an accelerated extent with even greater community service as the most effective means of checking the trend.

* * *

Our chief problem is the prospective imposition of additional Government controls over banking as a result of the new defense program and its inflationary effects. As responsible leaders in the business community, bankers can and will cooperate fully in the defense program without the need for detailed controls. Bankers have recognized in the past, and will continue to recognize, their responsibility for conducting banking operations in the interest of safeguarding the economic security of individuals and businesses.

* * *

The chief problem we face today as bankers is the local bank's loss of freedom to make its own rules for the operation of the bank in its local (CONTINUED ON PAGE 116)

ASPECTS OF A NATIONAL PROBLEM

Right: Tommy Atkins watches GI Joe clean his weapon as he sits in his jeep. These Britishers are among the first of those who have joined the fighting in Korea.

Lower right: A chaplain conducts services for American soldiers on a hillside in Korea. This is an activity the Reds don't bother about

Below: A new use for a jeep—transportation of prisoners



PHOTOS FROM WIDE WORLD

Fit the Pay to the Job

THE new salary administration manual, *How to Set Up a Salary Program in the Smaller Bank*, developed by the Country Bank Operations Commission and the Customer and Personnel Relations Department of the American Bankers Association, was released to A.B.A. member banks last month.

The main objective of this program, as stated in the introduction to the manual, is to give fair and equitable compensation to employees for their efforts. The rising trend of salary expenditures, new minimum wage requirements, and the greater frequency and seriousness of personnel problems, as indicated by high employee turnover, all combine to focus attention on salary policies.

Preliminary to devising the program, two comprehensive surveys were conducted among several hundred of the smaller banks throughout the country to determine the principal activities performed in the bank by various individuals, in an effort to establish whether or not these activities can be fitted into a few major job classifications. The cooperation of Edward N. Hay & Associates, Inc., of Philadelphia, who have pioneered in the solution of salary problems in the banking field, were enlisted to help analyze

the data collected and to lend certain technical assistance necessary to the development of the manual. Full recognition was given to requirements of interchangeability and flexibility among workers, and to similar factors peculiar to banks which are not fully departmentalized.

From these studies the program for assisting smaller banks in solving salary programs was evolved. Part II of the manual includes the step-by-step procedures to be followed with instructions and illustrated forms.

Pilot Installation

Among the banks participating in the early experimental surveys was The First National Bank of Sayreville, New Jersey. This bank made one of the initial installations of the salary program, prior to its official release, both as a measure of cooperation with the A.B.A. and for the potential benefits the bank itself might receive.

C. W. Robinson, vice-president and cashier, installed the First National program and has given BANKING this appraisal of his bank's experience with it:

"We now have information which clarifies for us the actual duties and responsibilities of each employee

Forms and Tables

One copy of the new manual, *How to Set up a Salary Program in the Smaller Banks*, has been sent to each A.B.A. member bank. The forms and tables used to illustrate this article are only a few of the basic ones included in the manual and will serve to illustrate the simplicity of the program.

The forms included in the manual are also packaged in sets designed for a total of 15 employees. The charge for the set is nominal.

and the approximate part of his work day that he spends on a specific job. Through the performance rating schedule we have an idea as to how well he performs the duties and his worth to the institution in this respect. Also, we now have a salary control which should be very effective once the original adjustments are made, with a formula upon which we can anticipate future demands.

"Our board considers it one of the most decisive steps that it has made in years. Each director was furnished with a copy of the final form, which gave him a record of the actual work being performed by each of our employees, the correct job title for the work each performed, the date he entered the bank, his current salary, and his salary range. For the first time, each director was completely aware of the type of job the person was doing in return for the amount received.

"The salary schedule provides us with a range for each job we have in the bank. And for jobs of a like responsibility, it is possible to know if favoritism has affected wages or whether we have gone down the line on the basis of past performance.

"It was a definite pleasure to find that the conditions existing in our bank were so closely related to the advocated program that it would almost appear that the manual had been designed with this bank as a

TABLE A

JOB EVALUATION TABLE

(Procedure for handling those unusual jobs which do not fall within limitations is included in the instructions.)

STANDARD JOB TITLE*	PRIMARY DUTIES— must have at least:	RESTRICTIONS— cannot have more than:
GENERAL LEDGER BOOKKEEPER	General Ledger Bookkeeper Duties—20%	Executive—15% Auditor—10% Head Teller—10% Teller (any other)—15%
SAVINGS TELLER	Savings Teller Duties—60%	Executive—15% Auditor—10% Head Teller—10% Note Teller—10% Commercial Teller—10% Bookkeeper—15% and Proof Clerk—15%
SAFE DEPOSIT ATTENDANT— SECRETARY	Safe Deposit Attendant Duties—30% Secretary (any) Duties—30%	Executive—10% Auditor—10% Head Teller—10% Teller (any other)—10%
TELLER— BOOKKEEPER	Teller (other than Savings) Duties—20% Bookkeeper Duties—20% Combined Total—50%	Executive—15% Auditor—10% Head Teller—10% Commercial Teller—40% Note Teller—45% Total Commercial and Note Teller—45% Teller (other than Savings)—30% and Auditor—10%

model. It is a tribute to our management that we have recognized ability and paid for what we have received. Future benefits will come from the fact that we have established grades, so that when an employee is shifted from one position to another, salary adjustment can be made automatically. We are now in possession of salary ranges which show us the minimum and maximum for each position. Our present payroll is definitely under control.

Constructive Material

"I would like to say that if the banker receiving this manual casts it aside, he will have missed one of the most constructive pieces of material yet made available either by the American Bankers Association or by any organization dealing with banking. He will be unfair to himself, his employees, his institution, and the banking system. He owes it to himself to find out exactly what his employees do and how well they do it. For his bank, it represents salary control. Though salaries are the biggest item of expense, they receive less factual attention than any other item of operation. Too long it has been the custom to say, 'We will give a general 5 percent raise, or \$2 per week all the way down the line.' This results in some employees getting a raise merely because they have been with the bank for another year. Once the salary administration plan is established, there is no further need for guessing or following the old raise habit. At The First National we now approach salary expenses on the same basis as we approach any other investment—this investment is in personnel, one of the most valuable assets of any bank.

"We have at last found a method whereby an employee receives a title not just because it is bestowed by the bank, but because he earned it through work performance. Standardization of titles is what banks must have if they are to exchange information with each other regarding personnel and wages. We have at last been provided with a method of determining positions."

Program's Simplicity

Since this was one of the initial installations of the program, the Country Bank Operations Commis-

FORM 1

JOB ANALYSIS FORM

(To show per cent of time spent on various duties)

Employee's Name: Doris Black Date: December 15, 1949

DUTIES	Per Cent of Total Time Spent on Each Duty
1. EXECUTIVE DUTIES (High level administration and supervision of bank activities pertaining to Commercial, Savings, Trust, Insurance, Investment, Personnel, Loan and Discount Departments; new business; outside farm work; income tax service; etc.)	0%
2. HEAD TELLER DUTIES (Supervising tellers; daily settlement of transactions of all tellers as a group; controlling cash and return items; vault cash responsibility—ordering and shipping coin and currency; etc.)	0%
3. AUDITOR DUTIES (Auditing the work done by others; controlling asset, liability, income, and expense accounts; reconciling correspondent balances, cashiers checks, money orders, etc.; reporting on audits; etc.)	15%
4. NOTE TELLER DUTIES (Handling new and renewal notes; accepting payments on notes and mortgages; collections; daily proof of these and related transactions; maintaining records and credit files; custody of collateral; etc.)	0%
5. COMMERCIAL TELLER DUTIES (Receiving deposits; cashing checks; pay rolls; daily proof of own transactions; handling drafts, cashiers checks, certifications, money orders, sales and redemptions of savings bonds, travelers checks, coupons, etc.; clerking auction sales; etc.)	10%
6. SAVINGS TELLER DUTIES (Receiving savings deposits, Christmas and/or Vacation Club payments; paying withdrawals; daily proof of own transactions; etc.)	0%
7. GENERAL LEDGER BOOKKEEPER DUTIES (Proving and posting daily general ledger entries; maintaining general ledger accounts and files. May also include supplemental duties such as paying official and certified checks, preparing reports and statements; etc.)	0%
8. SECRETARY DUTIES (FOR EXECUTIVES) (Secretarial duties generally confined to work for one or two top-level executives; public contact; relieving executives of details; handling confidential business; answering correspondence; dictation and transcription; typing; filing and office work related to secretarial duties; etc., much of which demands independent judgment.)	0%
9. SECRETARY DUTIES (GENERAL) (Secretarial duties performed for other than top-level executives; public contact; relieving officers of details; answering correspondence; dictation and transcription; typing; filing and office work related to secretarial duties; etc.)	10%
10. STENOGRAPHER DUTIES (Dictation and transcription; typing; filing and miscellaneous clerical or office work related to stenographic duties.)	20%
11. SAFE DEPOSIT ATTENDANT DUTIES (Serving vault customers; recording entries to vault and boxes; maintaining records of leases, contracts, keys, rentals, etc.)	0%
12. BOOKKEEPER DUTIES (Posting commercial, savings, loan and discount, trust, mortgage ledgers and/or statements; sorting, examining, and filing checks and/or deposits; paying or rejecting items; verifying signatures, dates, amounts, etc.; rendering statements; canceling checks; account analysis; computing and/or posting savings interest; posting payments on Christmas, Vacation, etc., Clubs; etc.)	45%
13. PROOF CLERK (INTERIOR PROOF AND TRANSIT) DUTIES (Proving and distributing daily debits and credits; preparing outgoing transit letters and clearings. May also include supplemental duties such as photographing checks and deposits, endorsing checks, etc.)	0%
14. TELEPHONE OPERATOR DUTIES (Operating telephone switchboard or, if no switchboard, receiving incoming calls and relaying them to proper party.)	0%
15. GENERAL CLERK DUTIES (Typing; operating office machines; filing; maintaining routine records and supplies; etc.)	0%
16. JUNIOR CLERK DUTIES (Simple routine duties, usually assigned to an inexperienced employee, such as collecting and delivering mail, running errands, maintaining simple files and records, etc.)	0%
17. JANITOR DUTIES	0%
18. TRAINEE (Actually in training status.)	0%
TOTAL (Employee's percentage of time spent on each duty should add to 100%)	100%

This form to be completed by employees—
Instructions for completing on reverse side.

EMPLOYEE'S SIGNATURE: Doris Black

APPROVED BY: Chas. Mott

THE FIGURES CONTAINED IN THIS FORM FOR ILLUSTRATIVE PURPOSES ONLY

sion and Customer and Personnel Relations Department of the A.B.A., along with Edward N. Hay & Associates, worked very closely with Mr. Robinson in his application of the program so as to be thoroughly acquainted with any "bugs" that might appear and, also, find out whether or not the procedure was in line with the simplicity desired. The simplicity of the program can best be explained by quoting from Mr. Robinson's report to the Country Bank Operations Commission, which stated:

"As a managing officer who has

numerous duties to perform, I want to go on record at this point that the program is most elementary in procedure and should not be shielded away from because of the thought that it might be time-consuming, as the forms are almost self-explanatory. You do not have to read and re-read the text. You can fill the form in as you read and each step automatically prepares for the next."

Five Benefits to Banks

In its report on the installation of the salary program, Edward N. Hay

GRADING TABLE

TABLE 6

Date DECEMBER 15, 1949

JOB GRADE	SALARY RANGES* FROM TABLE C, COLUMN A, SCHEDULE III		STANDARD JOB TITLE
	Min. Per <u>WEEK</u>	Max. Per <u>WEEK</u>	
1	\$ —	\$ —	Junior Clerk
2	\$ —	\$ —	General Clerk
3	\$ <u>30.</u>	\$ <u>40.</u>	Bookkeeper Proof Clerk Stenographer Telephone Operator Bookkeeper—Proof Clerk
4	\$ <u>32.</u>	\$ <u>42.</u>	Secretary—Stenographer Stenographer—Bookkeeper
5	\$ <u>34.</u>	\$ <u>45.</u>	Safe Deposit Attendant Secretary (General) Safe Deposit Attendant—Stenographer Savings Teller—Bookkeeper

& Associates highly commended the bank's personnel relations, even before the inauguration of the new system. They enumerated five ways in which the program benefits the bank, as follows:

(1) Clarification of the actual duties and responsibilities assigned to each employee, with an estimate of the time spent on each function, is provided in the form of a written record (Form 1). These records are useful in reviewing work assignments and employee performance and give more definite information than reliance upon memory.

(2) The equivalent of a work distribution chart, showing how much time is devoted, both by individual employees and the group, to each major function, is presented on one easily usable chart (Form 2) for inspection and analysis by management. This permits studies leading to improved efficiency through better work distribution.

(3) Evaluation of the various jobs, followed by placing them in grades for which established salary ranges are prescribed, gives management a control over salary ex-

penses. Not only is a "floor" placed under salaries for work of a certain difficulty level; "ceilings," too, are established. This means that the old "raise habit" under which an employee is continually granted annual increases, regardless of his job, can be broken. This "raise habit" has often led to serious overpayment of certain employees whose actual assigned work is low in value to the bank, yet whose pay has become high because of length of service. It should be noted that the using bank is not placed in a "strait-jacket"; exceptions to the "ceilings" can be made, by board action, but these exceptions do not establish precedents.

(4) The performance rating plan requires a careful appraisal of the individual worth of each employee, as measured by how well or how poorly he performs his assigned work. The detailed analysis necessary tends to eliminate casual opinions and prejudice. It also reveals weaknesses and shortcomings, giving management an opportunity to discuss them with the employee and attempt to correct them.

(5) The summary sheets, such as the individual salary administration blank (Form 5), provide a record for management use of all pertinent data affecting the salary of the individual employee. Even more important is the consolidated salary administration form (Form 6) on which may be recorded the essential data for all employees in the bank. This latter form is easily set up and maintained. It equips the salary committee with complete, recorded, factual information, and recommendations, to guide them in their decisions.

Valuable Assists

The salary program also does these things: It affords a way of establishing the proper relative values of the various jobs within the organization, based upon the duties and responsibilities of the jobs; it offers a method of distributing current payroll expense equitably among the various jobs, with a minimum number of adjustments; and it provides a systematic, fair way in which to rate individual employees on their job performance.

The program does not attempt to solve all problems in connection with the administration of salaries. At the time of installation, previous policies and practices within the using bank may have resulted in salary inequalities. These cannot be solved immediately as the program is installed without serious disruptions of existing salaries, but it does attempt to prevent repetitions of such inequalities in the future.

An important phase of salary administration which is not included under this program is the relationship of rates paid by the individual bank to competitive market rates paid by other organizations in the locality.

Regarding this supplemental step, Mr. Robinson states:

(CONTINUED ON PAGE 123)

CONSOLIDATED SALARY DATA FORM

FORM 6

Date DECEMBER 15, 1949

Employee's Name	Standard Job Title (From Form 5)	Length of Service		Performance Rating (From Form 5)	Date of Last Salary Adjustment (From Form 5)	Job Grade (From Form 5)	Salary Range for Job Grade per G.O.C. # (From Form 5)	Present Salary per G.O.C. # (From Form 5)	Salary Information					Remarks	
		With Bank (From Form 5)	On Job (From Form 5)						Salary Projections			Recommended			
									Within Over or Under Salary Range per G.O.C. # (From Form 5)	Adjusted to Minimum (1)	Adjustment Within Range (2)	Adjustment Extraordinary Cases (3)	Increase or Decrease per G.O.C. #		
JANE DOE	BOOKKEEPER	6 mos.	6 mos.	C	7-1-49	3	\$ 30.-40.	\$ 30.	AT MINIMUM		\$ 2.		\$ 2.	\$ 32.	
ANN KAY	STENO.	4 mos.	9 mos.	S	7-1-49	3	30.-40.	30.	AT MINIMUM		2.		2.	32.	
MARY SMITH	BOOKKEEPER	2 yrs.	1 yr.	M	1-1-49	3	30.-40	32.	WITHIN		2.			32.	MUST IMPROVE WORK OR BE DISCHARGED



CHARLES PHELPS CURSHING

Business As Usual During World War Two-and-a-half

HERBERT BRATTER

WASHINGTON

CONGRESSMAN Smith of Wisconsin briefly interrupted the House proceedings to discuss the fact that the U. S. still permits doing business with Joe Stalin. Representative Smith did not mention it, but Iron Curtain countries are also still doing business with us.

In Germany, in August, the Allied High Commission lifted the embargo on West German steel shipments to the East, the British commandant at Berlin pointing out that the embargo had never been effective . . . West German and British machine tools financed with ECA funds are moving to Russia right along, according to Winston Churchill and others. For its part the United Kingdom's Labor Government has asked international law experts to see whether the trade can be stopped without violating Britain's trade agreements . . . But in Hong Kong the British have held up shipments of U. S. aviation gasoline to Chiang Kai-shek in Formosa. Such shipments came to light just

when Secretary of State Acheson was telling the public that the U. S. was doing nothing in Formosa to permit a Nationalist attack on China's mainland.

SAWYER CLARIFIES

Clarifying the situation with regard to the shipment of strategic and critical materials to Iron Curtain countries, Commerce Secretary Sawyer informed a House committee: "As far as transshipment is concerned, my instructions are that we are not to license for export from this country materials which we have reason to expect are, or would be, transshipped or where similar materials might be transshipped by the country getting the [American] shipment." The Secretary implied that, not only will the U. S. refuse to license shipments likely to be transshipped to Moscow-controlled areas, but will also refuse licenses if the importing country does not itself control exports to such destinations of similar goods which it produces.

TRUMAN KEEPS A PROMISE

When President Aleman of Mexico visited Washington, he obtained President Truman's support for a loan, which was made to the tune of \$50-million. That was in 1947. It took Mexico about two years to prepare enough satisfactory projects to draw the money from the Eximbank. In fact, a small part is still awaiting the blueprints.

Meanwhile, Mexico's government oil monopoly, PEMEX, has been doing all but move heaven and earth to get Eximbank financing. Congressional committees have been brought to Mexico as that government's guests, with results to be found in the pages of the *Congressional Record*, and even Mr. Truman has been won over to the idea of helping finance the monopoly which is now operating the foreign oil properties nationalized in 1938. But the Eximbank has balked all along on financing PEMEX.

Now comes a \$150-million Exim-
(CONTINUED ON PAGE 108)



Lester Hintze, Mankato, Minnesota, right, tells Vice-president Zachman about the unique hog house-machine shed which he constructed with the aid of a loan from the First National Bank. Esther Hintze looks on while her pet pig explores her socks

Helping Farmers Get on Their Feet

HAROLD SEVERSON

TWO harassed and deeply worried farmers sat down for a conference several years ago with E. R. Zachman, vice-president of the First National Bank of Mankato, Minnesota.

They had reason enough for being worried. But let Mr. Zachman tell the story.

"Bad management of their big farm had plunged them into debt so deeply their position did look hopeless," he recalls. "Their financial affairs were in a terrible state. Worst of all, however, was the fact they were not making progress, not even the slightest kind of progress. They were slipping back."

The brothers—let's call them the Perkins boys although it isn't their name—told Mr. Zachman another bank held their notes but had given up on them and was ready to foreclose.

"We've heard about you," they told Mr. Zachman, "and figure you could give us a break."

Mr. Zachman didn't commit himself but some time later he called on the banker who held the Perkins

boys' notes. He seemed startled when Mr. Zachman told him the first National Bank intended to finance the Perkinses.

"No objection on our part at all," he told Mr. Zachman. "But you're really taking over a problem family."

Despite the warning, the First National did proceed to rehabilitate the Perkinses.

"It was a definite challenge," Mr. Zachman recalls. "But everything worked out right and today those brothers are in the best financial shape since they began farming. Shortly after we began working with them, we put up a new silo for them. And later a milk house. We figured that they couldn't make a success of farming unless they had the right kind of tools with which to work. Those boys cooperated with us during every step of the way. Now they're practically out of debt."

Were the Neighbors Impressed!

Why did the First National undertake this task?

"In the first place," Mr. Zachman declares, "we felt proper manage-

ment could get those boys out of debt. For example, they were not raising enough of the pigs their sows were farrowing. And, furthermore, it was taking too long to get those pigs ready for market. So we got the county agent and two successful swine producers to visit the Perkinses. The boys really benefited from those visits."

By working closely with the Perkins boys, Mr. Zachman got them started along good farming practices. His success with the debt-ridden brothers made a strong impact upon neighbors.

"That was one of the main reasons for taking over the problems of the Perkins boys," Mr. Zachman relates. "We figured their neighbors would quickly learn about the change. They, in turn, would come to us when in need of loans."

Hired in 1946 to assist in developing the First National's farm department, Mr. Zachman brought with him a country bank background that stood him in good stead. He was born and reared in a small farming community in Minnesota,

attended the Minnesota School of Business and, while stationed in New York City as budgeting officer of the Third Naval District, took special courses at New York University. He was employed by several rural banks in Minnesota.

Proper Management Successes

"We've helped out a number of farmers like the Perkinses," Mr. Zachman declares. "Maybe other bankers would figure we were taking a big chance by financing them. But a study of their background showed that these farmers had the will to succeed but lack of proper management and advice had caused them to suffer reverses. By getting farmers like that back on their feet, we are getting some excellent advertising throughout the Mankato area."

When a farmer applies for a loan, he and Mr. Zachman make specific agreements that follow a thorough discussion of every point involved. A stenographer incorporates these agreements into a statement that is included with all other papers in the folder. For example, if the farmer agrees to make a substantial payment on a loan after he markets his spring pigs, that's put into the record. If the farmer fails to make the payment despite his promise, he is called into the office and his statement is read back to him.

A running report is prepared every time a farmer comes in to make another payment or to pay off a note. This enables Mr. Zachman to keep posted on each loan so that a minute or two spent scanning the report keeps him informed.

The impressive growth in farm business at the First National can be attributed to a long-range program started under the supervision of F. G. Walser, assistant cashier. During the troubled Thirties, the First National established a reputation for square and honest dealings.

Farm Visit Etiquette

During his first year as the bank's farm representative, Mr. Zachman made a total of 1,156 calls on farmers. He noted some points that helped him to make a good impression on prospective clients.

One, for example, was never to bother a farmer when he was working in the fields. A farmer dislikes taking the time to spend even 5 or

10 minutes chatting with a visitor.

These farm visits often result in some unexpected business. While chatting with a farmer, Mr. Zachman may see a farm building badly in need of repair. This gives him an opportunity to talk about repair or construction loans.

Or, the farmer may gripe about a wet field that needs tiling.

"You could raise big crops there if you could get it tilled," Mr. Zachman will comment. "No sense in letting that good land go idle. Drop into the bank and we'll talk it over."

High-pressure tactics are avoided by this hard-working banker, however. He declares one of his main objectives is to get farmers to think of him as a good neighbor—one who is willing to talk about loans, but only if the farmer brings it up.

Farm Auction Attire

"We wear carpenter aprons at the auction sales we clerk," Mr. Zachman said. "These aprons have the bank's name printed on them in large black letters. I'm always bare-headed at these sales because that's the way farmers see me at the bank."

When the bank gets an auction sale, it takes over all phases of this assignment. It hires the auctioneer, gets the advertising and sales bills printed, puts out the signs that direct farmers to the scene of the sale, and arranges for the collection. If the bank is not able to get the auction sale itself, every effort is made to make certain another bank gets the sale—not a company specializing in auction sales.

In working with farm borrowers, Mr. Zachman makes periodical visits to the farm to make certain everything is going along smoothly. Often he makes suggestions that will help farmers do a better job of finishing steers for market or raising pigs.

One of the most effective methods is to persuade two successful farmers to come along with him. These farmers have a great deal of influence upon the struggling hog producer or steer feeder.

"A farmer will respect the advice of a man who obviously knows his business because he's doing it that way on his own farm," Mr. Zachman reports. "He may not be so receptive to the suggestions of a county agent, however."

Often, too, the farmer whose advice is solicited is flattered at being asked to give recommendations. He becomes friendly toward the bank.

Vacations for Farmers

Mr. Zachman urges farm people to take a vacation trip each summer. He points out that it gives farmers a chance to see how farming is done in other parts of the country. After the corn is laid by, most of the hay in the mow and the small grain harvested, work eases off a bit on many farms. The boys or the hired man can look after the stock for a little while. Some of the families in the Mankato area head east. More go north for fishing, and so on.

"Hours have been long and the grind steady since spring work started in late March," Mr. Zachman reminds farmers. "It's good to take a few days off."

He follows his own advice by taking a week or two to visit other country bankers and get their viewpoints. Often some excellent suggestions are picked up which he can apply to his own operations.

All in all, this progressive Minnesota banker is finding that treating farm people as he would like to be treated and by dealing with people who want to make money is bringing a sizable volume of farm business to the First National Bank.

Vice-president Zachman, left, prepares a note for Arend Honken, a customer for whom the First National has financed and supervised a rehabilitation program



Farmers Prefer Bank Credit

THE banks of the nation are continuing to maintain their leadership in the farm credit field as evidenced by a survey recently completed by the Agricultural Commission of the American Bankers Association.

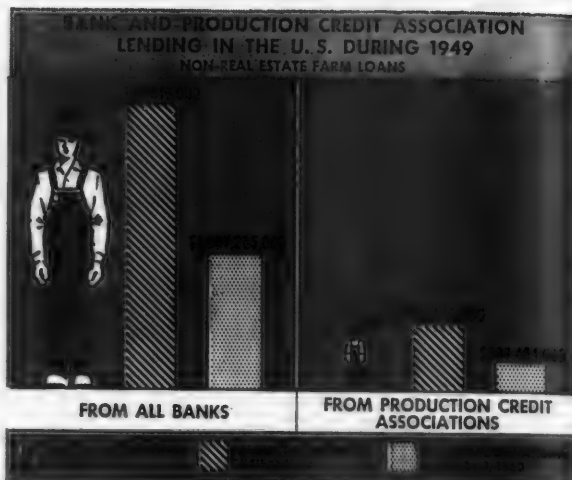
The survey, which is the ninth in a series of annual A.B.A. studies of farm credit, shows that all banks in 1949 loaned \$4.5-billion to 2,550,325 farmers in the United States. These loans were made to meet both the production requirements of farmers in the short-term field and their long-term real estate mortgage needs. At the end of the year only \$2.8-billion remained.

The extent to which approximately 13,000 chartered banks are financing agriculture in comparison with what cooperative and Government lending agencies are doing, is shown in the table below. As stated, the banks loaned \$4.5-billion to 2,550,325 farmers—which is 43.5 percent of all farmers of the nation. The cooperative and Government agencies—the Production Credit associations, the Federal Land banks, and the Farmers Home Administration—loaned a total of \$1.2-billion to 450,354 farmers, or 7.7 percent of all farmers in the nation during 1949.

This study of bank credit service to farmers was made of each state. The record is shown on page 59. The chart reveals the lendings to farmers by banks as well as those made by the Federal Land banks and the Production Credit associations.

In addition to meeting farmers' short- and long-term credit requirements, some 5,000 banks participated in the Commodity Credit Corporation's price support program. At the end of 1949 banks held \$975-million of these CCC loans on their books.

While banks continue to be the largest current lenders in the agricultural field, the total number of farmers served and the dollar volume extended by banks was less in 1949 than in 1948. Some of the reasons for this change are as follows:



(1) More and more farmers find themselves possessing sufficient funds to handle their regular farm operations without borrowing.

(2) Much refunding of short-term loans (secured and unsecured) in banks has been done by the farmers borrowing on their farm land from insurance companies and other long-term lenders. A high percentage of mortgage loans being made and held by banks are those that will be normally liquidated under five years.

(3) The use of funds for capital purchases of machinery and improvements was noticeably less in 1949 than in the three years immediately following the close of World War II.

(4) Farm commodity prices dropped 31 percent from a high of 306 (1910-14 = 100) in 1948 to 233 in December 1949. This was a reminder that farming operations might not be so profitable in the future as they had been, and for that reason farmers became more conservative in their operations and in their use of credit. In this connection, the present movement upward of commodity prices might justify a reversal on the part of bank-lending—that is, to encourage the farmer-customers to borrow and produce more. However, the general situation is rather unstable and banks will likely continue to have their loans to farmers pass the test of whether or not they are made for productive purposes.

(5) The influences of the A.B.A. anti-inflation program begun in 1948 have continued in the farm lending field. Banks, recognizing the uncertain values of farm products, have concentrated on getting farmers to pay their debts, to build financial reserves, to buy U. S. Savings Bonds, and to get in a safe financial position.

This whole situation recognizes that farmers as a group are conservative in whatever steps they take. They will produce again to meet the nation's war requirements for food as they did beginning in 1942 in supporting the "Food-for-Freedom Program." They will move cautiously, however, in taking on more machinery, equipment, or land at present high prices.

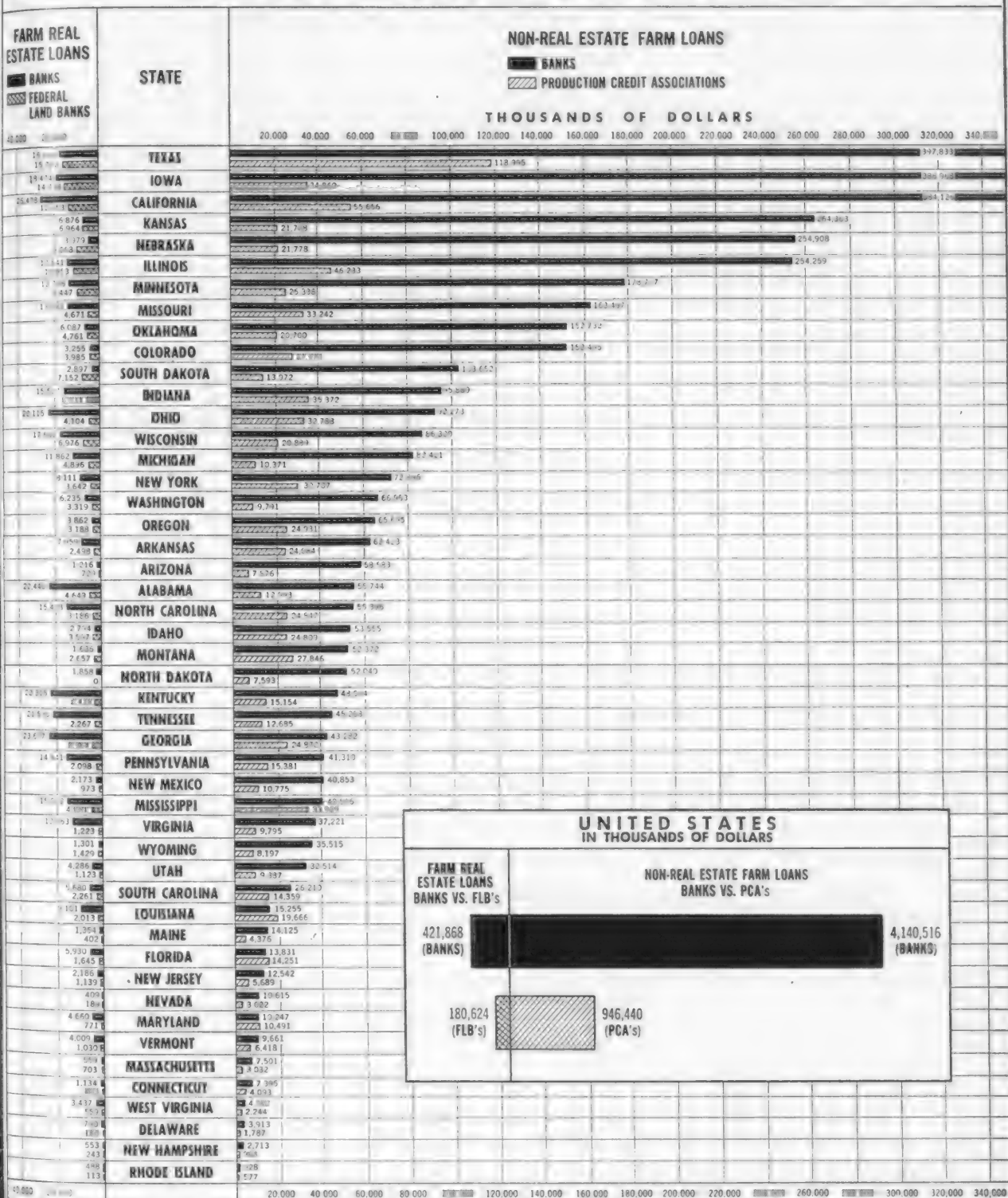
Nationwide Comparison of Farmer Lending by Banks, Cooperatives, and Government Agencies

	Farmers Borrowing in 1949		Amount Borrowed by Farmers in 1949		Amount Outstanding Jan. 1, 1950
	Number	% of All Farmers in U. S.	Total	Average per Borrower	
A. From All Commercial Banks:			1,000 Dol.		1,000 Dol.
Nonreal Estate Farm Loans...	2,369,316	40.4	\$4,140,516	\$1,748	\$1,987,265
Loans on Farm Real Estate...	181,009	3.1	421,868	2,331	885,499
Total All Commercial Banks.....	2,550,325	43.5	\$4,562,384	\$1,789	\$2,872,764
B. From Co-op. & Govt. Agencies:					
Production Credit Ass'n's.....	285,525	4.9	\$ 946,440	\$3,315	\$ 387,454
Federal Land Banks.....	39,261	0.7	180,624	4,601	889,249
Farmers Home Administration:					
Production & Subsistence...	123,715	2.1	98,029	792	349,344
Farm Ownership—R/E Mts.	1,853	0	15,436	8,330	188,855
Total Co-op. & Govt. Agencies...	450,354	7.7	\$1,240,529	\$2,755	\$1,815,402

* Less than .1%.

† Includes initial and subsequent loans but not insured loans.

FARMER BORROWINGS DURING 1949 **LOANS MADE BY BANKS COMPARED WITH THOSE MADE BY** **FEDERAL LAND BANKS AND PRODUCTION CREDIT ASSOCIATIONS**



NEWS for Country Bankers

Pennsylvania Bankers Return to Classroom

PENNSYLVANIA bankers are taking a more active interest in both the present and future problems of farmers—in fact they have returned to the classroom and the farm itself for first-hand data.

A record group of some 150 members of the Pennsylvania Bankers Association took two full days to brush up on latest agricultural techniques at the PBA's annual Farm Management Clinic held at the Pennsylvania State College.

They inspected the latest in farm machinery, took to the fields to view the complete operations of a modern farm, then spent hours in the classroom where the various agricultural developments and techniques were explained in detail.

The bankers already have taken the lead in helping to promote and expand 4-H Club work, which has been deemed especially important. Bankers have earmarked \$8,269 for 4-H Club work this year, compared with \$6,960 last year.

Dr. Milton S. Eisenhower, president of the Pennsylvania State College, told the PBA members that 4-H Club membership should be doubled because "the benefits of the program are so tremendous and so significant to our free society." Picture on page 64.

1,000 Attend Farm Tours

MORE than 1,000 persons attended the summer series of conservation farm tours and meetings arranged for six different group areas of Maryland bank officers and directors through cooperation of the Maryland Bankers Association, Federal Reserve Bank of Richmond, and Maryland University.

The programs were designed chiefly to acquaint bankers with changing farm conditions, gains chalked up

46 States Receive 1000-Point Awards

THE Georgia Bankers Association is the second state association to receive the American Bankers Association's 20-year 1,000-point rating program award, which was presented at the second general session of the A.B.A.'s Diamond Anniversary Convention in New York. W. W. Campbell, chairman of the A.B.A.'s Agricultural Commission, made the presentation and it was accepted on behalf of the Georgia association, by President Frank W. Thomas, Vice-president George M. Bazemore, and Secretary Haynes McFadden.

Forty-six states were honored for their service to agriculture by the A.B.A., the largest number of awards that has been presented since the 1000-point program was inaugurated 22 years ago.

Two states—Illinois and Mississippi—were also honored for having received the award for 10 consecutive years. This brings the total number of states having received the 10-year award to 25.

The first A.B.A. 20-year award, made in 1949, went to the Oregon Bankers Association. Should the

North Dakota Bankers Association maintain its record for another year, it will receive the 20-year award in 1951.

The 1,000-point rating program of the Association was developed 22 years ago to measure the extent of the support to agriculture given by the nation's banks. The rating plan has received national acclaim from colleges, farm leaders, and others. Its effectiveness increases each succeeding year as more and more banks get behind the action programs sponsored by the agricultural committees of state bankers associations.

The one-day convention of county key bankers recently sponsored by the Georgia Bankers Association is just one of the constructive features of its outside agricultural program.

Mr. Campbell is president of the National Bank of Eastern Arkansas, Forrest City; Mr. Thomas is president of the Washington Loan & Banking Company, Washington, Georgia; and Mr. Bazemore, who has been chairman of the GBA's agricultural committee for the past two years, is president of the First National Bank, Waycross.

through better farm management practices and the interdependence of banking and agriculture. Each event was divided into two parts: an afternoon farm tour, and an evening dinner session.

Each tour was a demonstration of how operations under a complete conservation farm plan and other good management practices are applied with benefits to the farmer and to the community in which he operates. Details of the farmer's operations

were discussed by representatives of the Federal and state agencies.

At the evening sessions, the bankers received complete economic and financial records of the farm they had visited during the afternoon. The purpose was to show how a combination of credit and technical assistance had been used to increase the farm's productivity and value and to lift the living standard of the farmer.

(CONTINUED ON PAGE 64)

This advertisement... designed to develop better understanding of what banks do in the public interest... appears in October Fortune and other national publications.



THE RED TARGET IS BEHIND OUR FRONT!

The Reds will succeed in "bleeding America white" if we spend more than we produce—boost prices by hoarding—exhaust our savings—let our debt soar. Result? Grinding poverty for every worker and farmer, executive and professional man. And a bargain-basement victory for the Kremlin!

In this battle for survival, our American banks are a powerful "home-force". They fight for *all* of us, on four vital fronts—

1. Bank loans deliver the thrust of new *working-money* to the driving-wheels of our production. They lift the earnings of every farm, factory, forest, mine and office—and of *every worker* they employ—so long as the dollar is good!
2. Bank loans likewise are the "grub-stake" that enables any business to pay high wages regularly, through the months it takes to raise a crop, or to process raw materials into finished products and sell them—so long as the dollar is good!
3. Except under war restrictions, bank loans allow millions of people to own *more* of the useful things of life than if we had to lay cash on the barrel-head for every purchase from automobiles and homes to refrigerators and television sets—so long as the dollar is good!
4. *Mass buying power*, made possible by bank loans, is the very root of our incomparable *mass-output* of quality goods at low prices, made by millions of well-paid workers—so long as the dollar is good!

You will not find even a cheap imitation of our prosperous American way of living in any land where the people cannot borrow from banks—where men and their product belong to the government—where deceit is more honored than honesty. Bank loans are the "promises men live by"—the result of honest dealing among *millions* of men.

Our \$170,000,000,000 of bank resources are working to serve the entire American public. The banks *belong to the people* of this country. Our 15,000 banks now protect over 104,000,000 different deposit accounts. *You* have a stake in our banks! Our banks have a stake in *your* welfare!

Our banking system was built by our own people, through three hundred years of work, thrift and *mutual trust*. Once its public usefulness is destroyed by inflation and the collapse of our dollar's *buying power*, it would take *centuries* of labor, poverty and hardship to replace!

AMERICA MUST PRODUCE MORE — SAVE MORE!

The Mosler Safe Co.

320 Fifth Avenue, New York 1, N. Y.

WORLD'S LARGEST BUILDERS OF SAFES AND VAULTS

Builders of the Vaults that Withstood the Atomic Bomb at Hiroshima

Poverty is the only fertile soil for Communism. That is why the Communists intend to wreck our *buying power*. The collapse of our dollar under growing inflation would throw workers out of jobs—cripple our industrial strength—paralyze our fighting capacity—slash the life savings of our 80,000,000 thrifty Americans.

Mr. Bernard Baruch recently said, "The gravest threats to the preservation of the American system today are not Government controls. They are military defeat abroad and further inflation here at home!"

Reprints of this advertisement for bank display purposes will be furnished, without charge, upon request. Address The Mosler Safe Co., Dept. U., 320 Fifth Avenue, New York 1, New York.

Now...every bank has this choice—

you can BUY or RENT

Here is important news for the many thousands of banks now using Recordak microfilming equipment... and for all banks who may consider installing it—

Now, as an alternative to its established rental plan, Recordak announces an attractive purchase plan for banks desiring outright ownership of Recordak microfilming equipment.

If you are now renting Recordak microfilming equipment and wish to buy it . . . you will receive a credit allowance equal to $\frac{1}{2}$ the present monthly rental charge for each month of the installation period—*up to a maximum of 36 months.*

Thus, you'll be able to buy, at surprisingly low cost, the equipment that has already proved its worth in your bank. And you'll get—from date of purchase—two years of free service, including parts replacement if necessary.

If you are now renting Recordak microfilming equipment and wish to continue doing so, the popular rental plan with which you are familiar remains unchanged! Your low monthly rental charge includes servicing, and parts replacement if necessary.

However, should you, in the future, decide to buy your present equipment you will receive credit allowances as cited above.

Consult your local Recordak Representative soon!

If you now have Recordak equipment he will compute your credit allowance . . . give you full details on the new purchase plan.

If you do not have Recordak microfilming equipment as yet, he will show you the low cost of bringing its advantages to your bank with either the rental or purchase plan. Recordak Corporation (*Subsidiary of Eastman Kodak Company*), 350 Madison Avenue, New York 17, N. Y.



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News for Country Bankers

(CONTINUED FROM PAGE 60)

Banks' Loans to Farm Youths

In connection with the 1950 survey just completed by the Agricultural Commission showing the extent of credit service rendered to farmers by banks, the question was asked as to loans made last year to 4-H Club and FFA members.

One thousand two hundred ninety-eight banks in 46 states answered that they made 10,107 loans to 4-H Club and FFA members totaling \$2,072,360. While this represents less than 10 percent of the banks to whom the questionnaire was sent it is a sizable amount and is worthy of recognition.

It is difficult to project the dollar volume of loans that all banks may have made. It would seem safe, however, to say that at least 3,000 country banks made loans to boys and girls for their 4-H and FFA projects in an amount exceeding \$5,000,000.

Another Ham Show in Clarksville

ITS second country cured ham show within recent weeks was put on by the First National Bank of Clarksville, Clarksville, Tennessee, during the Montgomery County Negro Agricultural Fair at the county fairgrounds. The first show was for white farmers and the last one for Negro farmers.

The First National also provided the premiums, which included first (\$5), second (\$3), and third (\$2)

★
C. F. Anderson, vice-president and cashier, First National Bank of Pullman Center, has just presented the Washington Bankers Association's traveling plaques to FFA leaders and instructors
★



place premiums in the light, medium, and heavy ham class, a \$1 premium for all hams ranking below third place, and a fourth place ribbon.

The bank also offered premiums for the best cured shoulder and the best cured bacon strip.

In commenting on the show, President C. W. Bailey said that "it was a marvelous success. The Negroes sold a lot of hams, at prices prevailing, which are higher than those at which hams were sold at the previous show. It cost us only \$77 in premiums. But it was a real show, with lots of interest and was a success in every way."

Washington Awards FFA Plaques

SIX regional traveling plaques were awarded this year for the first time by the agricultural committee of the Washington Bankers Association to the leading Future Farmers of America chapter in each of the state's six districts. The presentations were made in Pullman by C. F. Anderson, vice-president and cashier

of the First National Bank of Pullman and a former chairman of the agricultural committee.

The plaques are handsomely mounted on hard wood and carry an engraved plate stating that the presentation is made by the WBA. They also include 12 individual plates where the names of the local chapters receiving the plaques each year may be engraved. The plaques were presented to the leaders or instructors of the six leading FFA chapters.

Scholarships aggregating \$500 are awarded annually by the WBA to 4-H boys and girls. The association also provides 18 pennants, costing about \$160, which are awarded by the judging teams at the annual Junior State Fair.

The association matches the amount spent on 4-H Club activities in its support of the FFA. In addition to the plaques, it presents certificates of appreciation to the boy in each chapter who is chosen as "the best boy of the year." About 120 appreciation certificates were awarded in the past year.



PBA President Donald P. Horsey and Dr. Eisenhower are introduced to Josie by Max Dowdy, professor of dairy husbandry. Josie is the leading lifetime Holstein producer in the U. S. and the grandmother of a three-generation trio holding milk and butter fat honors. Story on page 60

Vermont Looks at Forestry Taxes

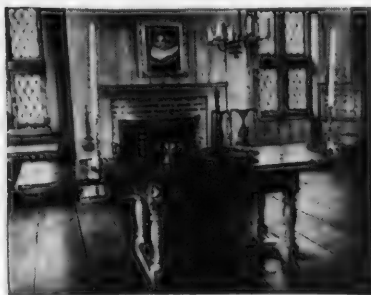
THE Committee on Forestry of the Vermont Bankers Association has alerted its members to the need of acquainting themselves with Vermont's forest tax laws so that they will know whether the state's forest lands are taxed fairly.

Booklets used in New Hampshire, where effective work has been done to increase the productivity of forests, was sent to the banks for study.

One of the booklets, *An Act Relating to Forest Conservation and Taxation*, published by the state for-
(CONTINUED ON PAGE 115)



In 1886 a tablet was placed on Fort Crailo erroneously stating that the house was built in 1642 and was supposed to be the oldest building in the United States, but neither of these claims was correct. Though the exact date is not known, the present structure was probably built soon after 1704 and a rear



SEATED on a well curb in the garden, a British surgeon, Dr. Richard Shuckburg, watched reinforcements from New England arriving in motley array to join General Abercrombie's forces before the attack on Ticonderoga in 1758. To the lively young surgeon, accustomed to dapper, well-equipped British officers, the "rabble in arms" were objects of ridicule and in a spirit of mockery he penned the words of "Yankee Doodle," adapting them to an air long popular in Europe. Eventually, however, the derided Yankees had the last laugh, for "Yankee Doodle" was a rallying cry during the Revolution and became America's first patriotic song. Nor were the British any longer amused when, after Burgoyne's defeat at Saratoga, the Americans lustily chanted "Yankee Doodle" as the surrendering troops laid down their arms.



FORT CRAILO



Birthplace of Yankee Doodle

wing added about 1762. The house was evidently intended as a stronghold for the walls are eighteen to twenty inches thick and there are loopholes for muskets. During the French and Indian War it was used as General Abercrombie's headquarters.

After belonging to the Van Rensselaer family for many years, in 1924 Fort Crailo was offered to New York State. It is now maintained as a museum by the State Department of Education.

* * *

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Fort Crailo where "Yankee Doodle" is believed to have been written was the manor house of Rensselaerwyck, home of the Van Rensselaer family on the east bank of the Hudson in the town which now bears their name. Kiliaen Van Rensselaer, wealthy diamond merchant of Amsterdam, began to acquire his property in 1630, only twenty-one years after Hendrick Hudson's exploration

tory voyage, and increased his holdings until his patroonship included more than 700,000 acres. A director of the Dutch West India Company, the patroon never saw his vast estate which he named Crailo, or Crows' Woods, but administered it by means of letters to his agents.

Among the early settlers was a pastor, Domine Megapolensis, sent to "administer and perform divine service for the colony." The house built for him and also used as his church may have stood on or near the site of Fort Crailo, for stones in its foundation bear the initials K.V.R. and the date 1642.

Simplified GI Farm Loans

WALTER T. ROBINSON

The American Bankers Association believes that the guaranty and insurance of loans is not a normal function of government and should be confined to emergency periods, such as war or a major depression. However, the Association recognizes that the veteran's loan program, authorized by Congress in the Servicemen's Readjustment Act of 1944, is in a special category and it encourages banks to grant sound loans to qualified veterans.

The veteran lost several years of potential earnings in the service of the country during which time he could have built up his savings. These funds would have provided the down payment or equity necessary to obtain a conventional bank loan. Congress, therefore, decided to guarantee a portion of the loan as a partial offset against the equity that would normally be expected of a borrower. This enables a bank to judge the loan on the usual credit factors, considering the guaranty as part of the veteran's equity.

WALTER T. ROBINSON, regional director of the Veterans Administration Loan Guaranty Service in Iowa, describes for our readers the job that has been done in that state by the banks and other lenders with the cooperation of the local Veterans Administration office, in assisting veterans to establish themselves as successful farmers.

THE automatic GI farm loan is a made-to-order program for the banker. It requires a minimum of paper work. It affords the banker an opportunity to help young men get a start, with safety and within banking regulations. An Iowa banker who has done an outstanding job with GI farm loans expresses it this way:

The protection of guaranty affords us an opportunity of research and trial as to what risk element there is in extending credit to a deserving group of young men, based on



The author

character and ability, rather than placing the major emphasis on equity in security. We are amazed at the splendid results.

On-the-Farm Training

If a country banker wants to be of service to a deserving group and help build his community—and who doesn't?—here are two mediums to work through that go hand in hand—institutional on-the-farm training and GI farm loans. In order to be brief and stay on the local level, take Dallas County, Iowa (population 23,000), as an example. In this county there are 258 veterans enrolled in 11 schools located in five small towns. Annual payments to these school districts for instruction amounts to \$62,000. The average payment to each veteran enrolled is \$1,080, making a total of \$320,000 in Federal funds going into this county each year for farm training. I have visited a number of these schools. They are demonstrations of learning while doing—entirely practical in application—consisting of classroom instruction and field supervision. Obviously this education and training program has a close relationship to GI farm loans.

Last winter the committee on service for war veterans of the Iowa Bankers Association, working with

Frank Warner, secretary, sent all Iowa banks a copy of a letter from the loan guaranty officer calling attention to the second annual GI Farm Family Contest sponsored by the American Legion, Station WHO, and the State Fair Board. The letter emphasized the opportunities this contest gave the banker to build goodwill and to assist veterans with GI farm loans. At the State Fair a few weeks ago, nine district winners, selected from 160 entries, were awarded achievement prizes. Eight out of the nine were enrolled in the farm training program; seven of the nine had been aided by GI farm loans made through banks. One of the district winners wrote me as follows:

"A GI loan made by the local bank enabled me to rent a farm and start farming for myself. I enrolled in the farm training school which helped me learn modern farming methods. I have had good success. Without the loan I would still be working by the month as a hired hand. My family and I are very grateful to the banker who made this possible with the aid of a GI loan."

GI Loan Experience

There are 4,300 veterans in Iowa who are grateful for GI farm loans. Over 90 percent of these loans, totaling \$14,500,000, have been made through banks. Less than 1 percent have failed to repay their loans.

Is this good business? Of course. But, you say, "Conditions are different in my section of the country." True, it is a big country—and while the application of the program will vary from the Cotton Belt of the South to the Corn Belt of the Middle West, there is an opportunity to use the guaranteed farm loan in every rural area.

Are interest rates too low? No—not when you consider the guarantee, the type of security, and the veteran's service. When insured personal property farm loans may be made at 5.70 annual interest—4 per-

(CONTINUED ON PAGE 114)



TIME IT!

Now you can issue the new



Personal Money Order

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Once again Todd pioneers with the new Register Check Personal Money Order, the check your bank can issue in a *single-step* operation that takes as little as 10 seconds to complete!

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trol over check issuance because each check is individually numbered. In states in which banking regulations permit, these new checks can be offered by stores and other non-banking outlets to bring you more customers and increase your profits. Remember, with a larger "float" your bank can make more money...and there's profit in the service charges, too!

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An Auditor Looks at Bank Examinations

W. M. BLACK

The author is senior partner of Peat, Marwick, Mitchell & Company, certified public accountants, and a member of the executive committee and council of the American Institute of Accountants. Another article on this subject, "How Auditors Can Help Directors," was written by MR. BLACK for September BANKING.

THERE appears to be a misconception on the part of some directors and officers as to the significance of an examination of a bank by professional certified public accountants. In certain quarters it is quite erroneously believed that such an audit represents the equivalent of a guarantee, and that every transaction in which the bank has participated during the period under review has been scrutinized by the auditors and found to be correctly stated on the books of the bank.

This conception, of course, is false. It is always the duty of the professional accountant to be on the lookout for possibilities of misappropriations, in which connection he considers the adequacy and proper functioning of the system of internal check and control. If he finds weaknesses, the auditor points them out and gives constructive suggestions to his client for curing them. This is a most valuable adjunct to his examination report. But a completely detailed audit could neither be finished within a reasonable time nor carried out at a reasonable cost.

In an examination of a bank's affairs the auditor has in mind the following four principal matters:

(1) *The accountability for the assets and liabilities of the bank and*

for assets held in trust for others.

(2) *The valuation of the bank's assets and evaluation of unsecured loans and of the collateral held for loans and discounts with regard also for a proper statement of liabilities and reserves.*

(3) *The proper statement of liabilities to depositors, for taxes, pensions, and of direct and contingent reserves.*

(4) *The adequacy and efficiency of the accounting system, operating procedures, and the completeness and lucidity of the financial statements.*

Timing Examinations

Before discussing these matters, consideration perhaps should be given to the timing of the examination. The date on which the examination is to be started should not be disclosed in advance to anyone in any way connected with the bank. Immediately the examination has commenced, however, the chairman and the other members of the examining committee should be notified so that they can attend at a time that suits their convenience. It is important to have the benefit of their participation in certain phases of the work in which they can render expert advice. For instance, the familiarity of a director with real estate matters is a valuable help in appraising the security underlying real estate mortgages; an attorney member of the board in passing upon the proper construction of trust deeds; and other members of the examining committee on the credit standing of the bank's borrowers, etc.

It is quite impossible to prepare one audit program to fit all banks. The auditor needs to study each

situation and then, drawing on his professional skill and knowledge, tailor-make a program to cover each individual engagement.

Examinations should ordinarily be started before the opening of the bank for the day's business. The auditors should arrive in advance of the time when the timelocks give access to the vaults. Some time in advance of the date on which the examination is to be made, the auditor should obtain written authority from a proper official in the bank to admit him and his assistants to all parts of the bank. All officers and employees having custody of cash, securities, and other negotiables should be informed by an official of the bank that they must take the responsibility of retaining physical control of the assets with which they are charged at all times during the examination. The professional accountant should on no account ever accept sole custody of negotiable securities or other assets of the bank, as an embezzling employee might very easily insist that the missing assets were intact before he left the cage or the room, and that it is the responsibility of the outside accountant to explain their disappearance.

Accountability

When the auditor and his assistants, in sufficient number to examine and release all cash funds and securities promptly, appear at the bank on the morning of the examination, they must make certain that all liquid assets of the bank, or those held by it in custody, are under their control. They should not release them until they are certain that they cannot be substituted at a later date for missing or stolen

assets of a similar kind. They must make arrangements for the rapid release of tellers' cash funds before the day's business begins, as the bank's business cannot be slowed down on account of an examination. Items such as clearings should be prepared and released immediately with confirmation requests to the clearinghouse, Federal Reserve, or other center. Other assets owned by or in the custody of the bank should be scheduled for progressive release as they are disposed of during the course of the examination.

Sampling and Testing

While the scope of the examination should be as comprehensive as practicable, the method of sampling and testing should be adopted wherever feasible as, for instance, in the case of cash on hand. An examination of each and every item would be not only unduly costly but also absolutely unnecessary. Loans and discounts with related collateral should be examined completely. Notes inspected should be examined as to regularity of form and collateral should be examined to see that it is in negotiable form, i.e., that stock certificates or registered bonds are endorsed or have stock or bond transfer powers attached, that mortgages and insurance policies are properly assigned and that, where securities are in names of persons other than the borrowers, letters of hypothecation are on file.

All guarantees held in connection with loans should also be inspected. Confirmation of loans and collateral should be sought for certain items selected by the auditor by direct communication with the borrower. Where the bank has custody of its own portfolio of securities, all of them should be examined; where they are held by other institutions, confirmation should be secured. Similarly, for depositors' accounts a test should be utilized in selecting the groups of ledgers for which trial balances can be run, and similarly for those accounts for which confirmation is to be requested from the depositor.

Valuation

Valuation in connection with the statement of condition of a bank takes into account both assets and liabilities. As regards assets, the current market or fair value of collateral held against all secured loans

and discounts has to be ascertained and compared with the amount of the loan. This should be done for all loans supported by collateral. No problem is presented in the case of loans secured by readily marketable securities, as market prices can be obtained for such securities from financial publications or reputable security dealers. A general review should be made of such loans, however, to ascertain if there is an undue concentration of the securities of one company or one class of companies. Although this condition is more likely to occur in the case of local companies with only a local market for the securities, it may also happen in the case of securities listed on the major securities exchanges.

Secured Loans

Loans secured by accounts receivable should be reviewed to see that the accounts pledged are current and that periodic checkups are made of the borrowers' books and records to see that the accounts are genuine and that all collections received on the assigned accounts have been promptly paid to the bank. In situations where loans are secured by merchandise or commodities, investigation should be made to ascertain that the value of the collateral based on the current market has not depreciated from the value on which the loan was originally made. In the case of loans secured by life insurance policies, the cash surrender value of the policy can be ascertained from the policy and should be reduced for valuation purposes by any previous loans made to the insured by the insurance company.

Unsecured Loans

Where the loan is unsecured, the bank's credit files must be examined in support of the credit standing of the borrower. In connection with the review of the credit files, the auditor should ascertain those loans which, as a result of being continually renewed without clean-up or reduction, appear to be capital loans, and lines of credit which, although within the legal limit, are proportionately large considering the size of the bank. Another point to be considered by the auditor is the diversification of the loans, i.e., are the loans being concentrated to any extent in one particular type or

class of industry? Term loans should be carefully reviewed to determine that the plan of liquidation is sound and, based on the operating results of the borrower, can be carried out. The review of credit files should not be confined to those of borrowers at the date of the examination but should also include credit files of potential borrowers under loan commitments. A review should be made of the type and class of the loan commitments and the reasonableness of the volume and length of the forward commitments.

Bank's Securities

The bank's own investments in securities should be valued in their entirety by reference to market quotations at the date of the examination. The auditor should also ascertain on what basis the investment securities are being carried on the books and if premiums and discount on securities are being properly amortized so as to reflect the true yield in the income account. The investment securities should be classified by investment rating to determine conformity with banking laws and regulations. They should also be classified by major investment groups, i.e., U. S. Government, obligations of states and political subdivisions, railroads, public utilities, industrials, etc., in order to show whether or not the bank is properly diversifying its investments and is not unduly concentrating in particular types of securities. Another item which should be prepared by the auditor is an analysis of bonds to show maturities usually under the following classifications:

- (a) Bonds maturing in five years or less.
- (b) Bonds maturing in five to 10 years.
- (c) Bonds maturing in 10 to 20 years.
- (d) Bonds maturing after 20 years.

The maturity analysis will disclose any undue concentration in short-term or long-term maturities.

Real Estate

The value of real estate and mortgages should be determined by reference to appraisals of reasonably recent date made by reputable real estate concerns or by the bank's own real estate committee.

The provision for income taxes
(CONTINUED ON PAGE 120)

Taxes on Gifts

to Deceased Employees' Dependents

WILLIAM R. WHITE

The author is an attorney in New York City and associate professor of law at Fordham University. He has written in previous issues of BANKING.

THE practice, common in many businesses, of continuing the salary of a deceased employee for a short period after his death in favor of his widow or dependents has recently been considered by the Tax Court of the United States in two cases, *Estate of Bausch* 14 TC No. 165 and *Putnam, Inc. v. C. I. R.* 15 TC No. 13. These cases deserve careful reading by the fiscal officers of any firm likely to make such payments on the occasion of the death of a valued officer or employee.

When such payments have been arranged in the past, the sought-after situation, taxwise, was one in which the payment would be treated as a gift so far as the recipient was concerned and as a deductible business expense so far as the donor company or firm was concerned. If such a payment is a gift, it is not taxable income to the recipient because, under Section 22 (b)(3) of the Internal Revenue Code, amounts received as "gifts, bequests or devises" are not includible in gross income. Of course, under Section 23(a), the amount of all "ordinary and necessary" business expenses is deductible in computing the net taxable income of any business.

1939 Viewpoint

As far back as 1939, the Bureau of Internal Revenue ruled that a widow who received the salary of her husband, a corporate officer, for a short period after his death received a tax-free gratuity and the corporation was nevertheless permitted to deduct the payment. *I.T. 3329* (1939). The reasonableness of

treating as gifts such payments to the widows or even to dependents of deceased employees is apparent as soon as one realizes that they have rendered no service calling for compensation from the employer involved. Not quite so clear is the logic supporting the view that such a payment is an ordinary and necessary business expense. Gifts do not seem to be "necessary" expenses. However, it is probably defensible on the ground that the expense is in connection with promoting the general good will of the business.

Pot o' Gold Case

Fundamentally there is no inconsistency in treating a payment as a business expense (of the kind designed to promote good will) even if it is at the same time a gratuity to the recipient. Thus, in another field, the field of advertising, prizes donated to people who render no service for the prizes are gifts so far as they are concerned. The *Pot o' Gold* case involved a radio program which awarded prizes to persons picked out by lot. The winners were not called upon to participate in the program in any way—or make any effort at all. No one doubted that the expense involved was clearly a business expense of the advertiser and deductible even though the winners received "gifts."

The basic idea of *I.T. 3329* is reconsidered in the *Putnam* case and in the *Bausch* case. The *Putnam* case was a simple matter involving a payment to a widow of the salary of her deceased husband. The court indicated that such payment for a period of not more than two years would be reasonable. If continued beyond that time, it would not be treated as a deductible expense or gift. The *Bausch* case was equally simple. It involved payments of continued salary to the estate of the deceased employees. The two

Bausch brothers, who had brought the well known optical company to a pre-eminent position, died in the same year. They were bachelors. The company voted to continue their salaries for a fixed period, payments to be made to the estate of each brother. The circumstances surrounding the grants showed that the officers were recognizing the valuable services of the deceased employees. The court held the payments were not gifts and were taxable.

While the factual situations in the two cases were not complex, the rules established by the cases, particularly the *Bausch* case, cannot be delimited without careful study. However, it is submitted that the following factors seem to be established as necessary elements before the payment will be classified as a gift:

Five Necessary Elements

(1) *Absence of Obligation*—Any such payment immediately loses its character as a tax-free gift if it appears that it is obligatory. Thus, if the company is compelled to make the payment because of some plan calling for such payments, or some contract with the deceased former employee, it can be concluded that the plan or contract is established to reward the employee for his services and that the payment is not a gratuity. Its recipient will be taxable, in all probability, no matter what character the payment takes. The Tax Court's language approves the past view that payments to a widow required of an employer by statute or contract are taxable to the widow. *Vornedoe v. Allen* (C. C.A. 5th Circuit) 158 Fed. (2d) 467; cf. Special Ruling 464 CCH Federal Tax Service, Paragraph 6241; *Florsheim v. U.S.* (C.C.A., 8th Circuit) 156 Fed. (2d) 105.

(CONTINUED ON PAGE 72)

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"This plan can become the greatest stimulant to regular saving, in all the history of banking."

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DETAILS FLEXIBLE... Size of savings-units, length of savings-term, rate of interest paid and similar details of the ASSURED SAVINGS PLAN are set by each bank.

AGE LIMIT... In contrast to savings programs which are limited to lower age-brackets, the ASSURED SAVINGS PLAN is open to any depositor whose goal will be attained before age 66.

INCENTIVE... The ASSURED SAVINGS PLAN provides a powerful incen-

tive to regularity of savings. For by making deposits on schedule, the depositor keeps in force the insurance which guarantees his savings goal.

ADVANTAGES... From the bank's standpoint, there are many other advantages:

1. It increases deposits of present customers.
2. It attracts new savings depositors.
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4. It is an important community service.
5. It brings depositors to the bank more regularly, hence provides additional opportunity to serve them in other ways.

Full details of the ASSURED SAVINGS PLAN are available on request. We believe you will find it worthwhile to call the plan to the attention of the officer in charge of your Savings Department.

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(2) *Payment to Widow or Dependents.* It is true that the Bausch case does not expressly hold that all payments to the estates of deceased employees will be taxable. Some may escape. However, taxpayers will find it safer to proceed on the theory that all payments to deceased employees' estates will be treated as taxable compensation. The spirit of the Bausch case seems so opposed to exempting such payments from tax that it is hard to conceive a situation where the estate may receive the money and escape tax. The widow or heir should be the direct payee.

After all, payment to an employee's estate is equivalent to payment to the employee himself. It is distributed as directed in his will. It may well be compensation.

(3) *Amount of Payments.*—The Putnam case indicates that payments equal to two years' salary of the deceased will be considered reasonable. Larger amounts will be suspect.

(4) *Language of Resolution or Letter Establishing the Payment.*—The court will not find a gift unless the intention to make a gift appears. If the directors of the company vote

the payment by resolution, it would be well to indicate expressly the intention that the payment be a gift by voting it as a gift. (References to the value of the employees' past services may be unfortunate because they indicate a desire to make the payment to compensate for past inadequate salary.) In the Bausch case, the court referred to another case (*Brayton v. Welch*) in which the directors who made the payment had had their attention called to I.T. 3329 by their accountants. This was a strong indication to the court of a desire to make a gift (as was done in the situation in I.T. 3329). Similar reference to I.T. 3329 in the company's records should be helpful.

It may also be wise to indicate that the gift is deemed to be one that will promote good will for the company and redound to its reputation in the community if that is in mind. This may help on the deduction aspect of the problem.

(5) *Ratification by Stockholders.*—If practicable, the gift should be ratified by stockholders. The court in the Bausch case pointed out that ordinarily directors are not empowered to give away corporate property. Ratification by stockholders indicates recognition of this and points to a gift.

this be done without direct Government intervention in a single individual decision. Results effected through credit and monetary policy come about through general influences on the market place, where millions of judgments can still be freely made and tested every day. Such results continue to be the composite expression of the individual decisions and wishes of all of us who buy and sell."

* * *

"In addition to effective consumer and real estate credit regulations, general measures to curb the availability of credit to other types of borrowers are called for. On August 4 a joint statement was made by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Home Loan Bank Board, and the National Association of Supervisors of State Banks urging that banks and all other institutions engaged in extending credit exercise special care in their lending and investment activities. Somewhat earlier the American Bankers Association had issued a similar statement, and more recently President Peterson of that Association has further urged bankers to cooperate in restricting nonessential credit. I should like to underscore the importance of your own support of these efforts to encourage voluntary restraint in bank and other lending.

"It is to be hoped that all these efforts may prove effective in curbing loans to businesses and individuals which might be used for speculation or other purposes that would have adverse effects on our defense effort. If they are not, monetary policy will need to resort to even more restrictive use of one or more of the general instruments of credit control at its disposal, namely, open market operations, changes in the discount rate, and changes in bank reserve requirements. In case these measures prove inadequate, the Congress might very well need to consider the desirability of authorizing additional powers over bank credit expansion in some form of supplementary reserve requirements. Such powers might include a secondary or special reserve requirement similar to that the Federal Reserve requested in 1947, or some ceiling or dual reserve plan."

Mr. Szymczak on FR Monetary Policy

IN a lecture at the School of Banking, Madison, Wisconsin, late in August, M. S. Szymczak, member of the Board of Governors of the Federal Reserve System, threw considerable light on current Federal Reserve monetary policy. Here are several excerpts from his remarks:

"In a free economy, flexible credit and monetary policy to prevent booms and busts is bound to be reflected in some change in interest rates, particularly short-term rates, which are the market's expression of the cost of credit. Thus, short-term rates have been firming since the last half of last year as the monetary authorities have attempted to restrain credit expansion. Expanding demand for credit will naturally result in higher interest rates unless additional supplies of funds are made

available. Putting limitations on credit availability tends to be reflected in a firming of short-term interest rates; an easing of credit tends to soften short-term rates.

"Certainly it is true that if changes in interest levels are prevented from occurring in response to changes in credit demands, monetary policy directed towards greater economic stability is very difficult, if not impossible, to manage."

* * *

"If monetary measures are vigorously and appropriately applied they can be positive stabilizing forces, operating to influence the volume of spending, and saving and thus to moderate sharp changes in economic activity. To all who prize a high degree of freedom in economic and political life, it is most desirable that



"... Service of the Highest Order"

The words below were written recently by a Florida banker. This kind of service, enjoyed by our correspondent banks, may account for the fact that **465** banks in all parts of the nation have been Central Hanover correspondents for more than 50 years.

"Once again it is in order to hand a bouquet to Central Hanover. Yesterday I sent to you.....to sell, proceeds to be credited to our account under wire advice. Today about noon we received your wire, and our customer's account was credited—all within less than 24 hours from the time the securities left our Bank.

"This is service of the highest order, and of the kind we have always received from Central Hanover."

CENTRAL HANOVER
BANK AND TRUST COMPANY
 NEW YORK

Member Federal Deposit Insurance Corporation

James E. Shelton, President

(CONTINUED FROM PAGE 44)

bankers have a moral obligation to their customers and to their country to do everything humanly possible, individually and collectively, to prevent the repayment of depositors with dollars of greatly depreciated purchasing power. This means an obligation to fight extravagance and waste in Government, to work for budget surpluses when conditions permit, and, in times of genuine emergency, for the smallest deficits consistent with national safety, to combat socialistic schemes of all sorts, to promote sound fiscal policies on the part of the Federal Government, and in other ways to fight inflation.

Since credit is the life blood of private enterprise, its rigid control by political planners, even in wartime, cannot be viewed without misgivings. If the banking system is socialized in the period ahead, under whatever emergency or pretext, Government will be given a strangle hold on all business and on the system of free enterprise. Our entire economy and way of life will be in mortal danger of disintegration and corruption.

The pressures pushing us toward socialism in recent years will increase in the period ahead. Bankers must fight this trend with vigor and with courage. There is no need to apologize for the capitalistic system nor for the wealth and standard of living it has created for both the enterpriser and the workingman. We must oppose these pressures both as a matter of our own preservation and, more important, we must do so because they are contrary to the welfare of our country and its citizens.

His faith in freedom of opportunity recurs frequently in all of his speaking and writing, as witness something he told the Oregon Bankers Association not long ago:

The American system is based upon free individualism and freedom of opportunity. If you want more than you

have and are willing to pay the price in brain and brawn and thrift and intelligence and industry, there is no limit to what you can produce and what you can have. Then there is one step further that our American system goes. If you secure property or capital as the result of your legitimate efforts, you may keep and enjoy as a property right for yourself and your family that which you have acquired through your efforts; and the right to own and enjoy property is one of the most basic human rights. That kind of life and opportunity came to be known as the American way of life.

The same theme, applied to the history of the country, is another important tenet of Mr. Shelton's thinking:

The story of the growth of this great country from its small and modest beginning to its present stature is a thrilling and unparalleled chapter in the history of mankind. It embodies the spanning of the continent from the Atlantic to the Pacific, with the sturdy pioneers crossing barren plains, parched deserts, and towering snow-clad mountains with dogged determination and unbounded courage. It tells of the inventive ingenuity of the American people who, because of their ambition, their initiative, their industry, and their thrift, developed a productive capacity and thereby secured a standard of living never before equalled or even dreamed of in the history of this old world.

That productive capacity built upon private ownership and private initiative was the determining factor in the winning of two world wars in this century, which meant not alone the preservation of our country but the preservation of such civilization and human liberty as remain in this old world today. This country stands today as the only dependable bulwark which must and can save the world from becoming engulfed and enslaved by the Godless and ruthless forces of totalitarianism under whatever name it may be labeled.

President Shelton believes that the greatest threat

The Shelton family, including Jim 21, and 19-year old twins Bob and Tom



to the preservation of our American social, economic, and political life and institutions comes from within. We can only be destroyed from without if we first deteriorate or disintegrate from within.

Here's a little bit of what he said before the Alabama bankers earlier this year:

That threat is "creeping collectivism," "socialism by default," or "the welfare state."

Almost two decades ago, during a period of severe economic depression when the minds of many people were confused by doubts and harassed by fears, a political appeal was made to the people of this country, based upon an entirely different concept of the relationship of the people to their Government. This concept was contrary to our American traditions and instincts. The essence of it was that if the American people, for the emergency, would become the wards rather than the masters of their Government, the Government would do their economic thinking and planning for them; make and enforce the rules of their economic life; and, as an all-wise father, supply their wants and take away their fears. It is startling to take stock today and see how far the American people have been led down the road toward ultimate economic and political destruction.

His reference, above, to what happened two decades ago recalls a speech he made before a group of bankers in 1932 when millions of people thought our economic world had come to an end. He said a few things at that time which are still vividly remembered for their courage and inspirational stimulus:

These are days when men are being tried out; days when they themselves and others learn what kind of stuff they are made of. One of the hard parts of our period of trial is that there is no dramatic setting or back-



Mr. and Mrs. Shelton (left) with friends on the paddle tennis court at their home

ground for our battle, no music, no flashing of sabers, no roar of cannon; just a calm, quiet trial of mind, body and spirit in our home life and in our daily social and business life.

Men, today let's start to write a better record for ourselves. Let's go back to our homes and our offices with the determination to do our part in bringing our ship into port. Our ship is our home, our family life, our business and social life, our civic, state and national life. Let us prove ourselves, and demonstrate to ourselves and to our fellows that we are men with clear minds, calm nerves, sound bodies, and courage under fire.

"Service . . ."

(CONTINUED FROM PAGE 43)

organization's business from my own office, where it can be dovetailed in between my duties at the bank."

In view of the unqualified praise given Mr. Shelton by his associates in so many civic ventures, it appears that his efficient methods for leadership have in no way handicapped the organizations he has headed.

Ever since his university days at Stanford, 40 years ago, Jim Shelton has been a crack debater and a stimulating public speaker. He enjoys speaking. And he is in constant demand. But he learned long ago that audiences grow indifferent or bored by hearing the same voice too often. More than that, he realized that a good talk demands careful preparation. And since Mr. Shelton will not permit his speeches to be ghost-written for him, he refuses to take on engagements to which he cannot give enough time and thought to plan a good speech.

More than that, Mr. Shelton made up his mind long ago that he would not attempt to pose as an expert on

all subjects. Even within the field of banking, where his long years of training have made him a national authority, he readily concedes there are many questions about which others know more than he does. This is doubly true, he insists, in the many fields of civic undertakings to which he gives of his time and thought.

"Because I know there are so many more people who are far more expert than I am, I have tried to keep my speeches centered around the broad but basic principles of freedom as enunciated by the men who founded this country. These principles must be restated, again and again, to meet prevailing winds and cross currents of politics and economics. This I have tried to do. This I will continue to do.

"To have more and better schools, more and better playgrounds, better hospitals, better civic centers, better roads and highways—all these are highly essential. But these are mere material things—no matter how important. My interest is not so much in things as in people. My concern with people is in having them understand and practice good citizenship

—to understand and to practice those basic principles of freedom which have made our country great."

Mr. Shelton's influence upon the civic life of Los Angeles has been so constant, so unspectacular, and of such long duration, that it is hard to measure. "Jim Shelton! Why, we just take him for granted when the going is rough or any major community job has to be done," said one old timer.

Happy to have played his part in the development of California, Mr. Shelton admits that his outside activities have given him many satisfactions and few regrets. Years ago he said:

"Just as in the old days the banker expected a genuine gold or silver coin to ring clear and true when dropped on the teller's deal plate, so must the banker's life, character, temperament, and habits ring clear and true on the sounding board of his friends and neighbors in the community."

To his friends and neighbors, as well as to the many civic organizations which he has served so well, Jim Shelton rings true.

James E. Shelton, President

(CONTINUED FROM PAGE 44)

bankers have a moral obligation to their customers and to their country to do everything humanly possible, individually and collectively, to prevent the repayment of depositors with dollars of greatly depreciated purchasing power. This means an obligation to fight extravagance and waste in Government, to work for budget surpluses when conditions permit, and, in times of genuine emergency, for the smallest deficits consistent with national safety, to combat socialistic schemes of all sorts, to promote sound fiscal policies on the part of the Federal Government, and in other ways to fight inflation.

Since credit is the life blood of private enterprise, its rigid control by political planners, even in wartime, cannot be viewed without misgivings. If the banking system is socialized in the period ahead, under whatever emergency or pretext, Government will be given a strangle hold on all business and on the system of free enterprise. Our entire economy and way of life will be in mortal danger of disintegration and corruption.

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The same theme, applied to the history of the country, is another important tenet of Mr. Shelton's thinking:

The story of the growth of this great country from its small and modest beginning to its present stature is a thrilling and unparalleled chapter in the history of mankind. It embodies the spanning of the continent from the Atlantic to the Pacific, with the sturdy pioneers crossing barren plains, parched deserts, and towering snow-clad mountains with dogged determination and unbounded courage. It tells of the inventive ingenuity of the American people who, because of their ambition, their initiative, their industry, and their thrift, developed a productive capacity and thereby secured a standard of living never before equalled or even dreamed of in the history of this old world.

That productive capacity built upon private ownership and private initiative was the determining factor in the winning of two world wars in this century, which meant not alone the preservation of our country but the preservation of such civilization and human liberty as remain in this old world today. This country stands today as the only dependable bulwark which must and can save the world from becoming engulfed and enslaved by the Godless and ruthless forces of totalitarianism under whatever name it may be labeled.

President Shelton believes that the greatest threat

The Shelton family, including Jim 21, and 19-year old twins Bob and Tom



to the preservation of our American social, economic, and political life and institutions comes from within. We can only be destroyed from without if we first deteriorate or disintegrate from within.

Here's a little bit of what he said before the Alabama bankers earlier this year:

That threat is "creeping collectivism," "socialism by default," or "the welfare state."

Almost two decades ago, during a period of severe economic depression when the minds of many people were confused by doubts and harassed by fears, a political appeal was made to the people of this country, based upon an entirely different concept of the relationship of the people to their Government. This concept was contrary to our American traditions and instincts. The essence of it was that if the American people, for the emergency, would become the wards rather than the masters of their Government, the Government would do their economic thinking and planning for them; make and enforce the rules of their economic life; and, as an all-wise father, supply their wants and take away their fears. It is startling to take stock today and see how far the American people have been led down the road toward ultimate economic and political destruction.

His reference, above, to what happened two decades ago recalls a speech he made before a group of bankers in 1932 when millions of people thought our economic world had come to an end. He said a few things at that time which are still vividly remembered for their courage and inspirational stimulus:

These are days when men are being tried out; days when they themselves and others learn what kind of stuff they are made of. One of the hard parts of our period of trial is that there is no dramatic setting or back-



Mr. and Mrs. Shelton (left) with friends on the paddle tennis court at their home

ground for our battle, no music, no flashing of sabers, no roar of cannon; just a calm, quiet trial of mind, body and spirit in our home life and in our daily social and business life.

Men, today let's start to write a better record for ourselves. Let's go back to our homes and our offices with the determination to do our part in bringing our ship into port. Our ship is our home, our family life, our business and social life, our civic, state and national life. Let us prove ourselves, and demonstrate to ourselves and to our fellows that we are men with clear minds, calm nerves, sound bodies, and courage under fire.

"Service . . ."

(CONTINUED FROM PAGE 43)

organization's business from my own office, where it can be dovetailed in between my duties at the bank."

In view of the unqualified praise given Mr. Shelton by his associates in so many civic ventures, it appears that his efficient methods for leadership have in no way handicapped the organizations he has headed.

Ever since his university days at Stanford, 40 years ago, Jim Shelton has been a crack debater and a stimulating public speaker. He enjoys speaking. And he is in constant demand. But he learned long ago that audiences grow indifferent or bored by hearing the same voice too often. More than that, he realized that a good talk demands careful preparation. And since Mr. Shelton will not permit his speeches to be ghost-written for him, he refuses to take on engagements to which he cannot give enough time and thought to plan a good speech.

More than that, Mr. Shelton made up his mind long ago that he would not attempt to pose as an expert on

all subjects. Even within the field of banking, where his long years of training have made him a national authority, he readily concedes there are many questions about which others know more than he does. This is doubly true, he insists, in the many fields of civic undertakings to which he gives of his time and thought.

"Because I know there are so many more people who are far more expert than I am, I have tried to keep my speeches centered around the broad but basic principles of freedom as enunciated by the men who founded this country. These principles must be restated, again and again, to meet prevailing winds and cross currents of politics and economics. This I have tried to do. This I will continue to do.

"To have more and better schools, more and better playgrounds, better hospitals, better civic centers, better roads and highways—all these are highly essential. But these are mere material things—no matter how important. My interest is not so much in things as in people. My concern with people is in having them understand and practice good citizenship

—to understand and to practice those basic principles of freedom which have made our country great."

Mr. Shelton's influence upon the civic life of Los Angeles has been so constant, so unspectacular; and of such long duration, that it is hard to measure. "Jim Shelton! Why, we just take him for granted when the going is rough or any major community job has to be done," said one old timer.

Happy to have played his part in the development of California, Mr. Shelton admits that his outside activities have given him many satisfactions and few regrets. Years ago he said:

"Just as in the old days the banker expected a genuine gold or silver coin to ring clear and true when dropped on the teller's deal plate, so must the banker's life, character, temperament, and habits ring clear and true on the sounding board of his friends and neighbors in the community."

To his friends and neighbors, as well as to the many civic organizations which he has served so well, Jim Shelton rings true.

Washington

(CONTINUED FROM PAGE 48)

The Board regarded this as "middle ground" between being too lax and too tough in its initial terms. It is anticipated that it will be several months before actual military production will hit such a volume as even to raise the question whether such terms restrict effective demand to reduced supply.

HHFA and Real Estate Credit

By virtue of the fact that Government terms—that is, Veterans Administration and Federal Housing Administration—are relatively so much more liberal than bank loans, the fact that the President delegated to the Housing and Home Finance Agency the administration of real estate construction credit control in the "Government credit" sphere makes HHFA relatively the predominant factor in this field. HHFA, however, and the Federal Reserve Board must consult.

The Board, on the other hand, has a predominant control over real estate construction credit utilized for industrial and commercial structures, where mortgage credit is required. In this field the Board can regulate maximum loan to collateral values, etc., and the Board also regulates "conventional credit," or mortgage loans from banks, mortgage companies, or insurance companies where a VA guarantee or FHA insurance is not involved.

It appeared at the outset that HHFA did not intend to impose a higher collateral ratio for conventional credit than for Government

credit. The discrimination intended by the Administration was not against the private lender, but against the higher cost house. There was some relief at the revelation of this attitude. Until it was made known some officials by their discussion of the subject had given the impression that if, say, a 5 percent higher downpayment were required in securing Government credit a like 5 percent higher downpayment would be required of conventional credit even though the latter's loan to collateral value was far below that of the insured or guaranteed credit.

Even though in practice many bank appraisals of houses might run higher than FHA appraisals, there likewise was no initial disposition to force a Federal system of appraisals upon all types of lenders regardless of the fact that their loans were not backed by the Government.

Wind-up of Congress

National banks hereafter may, should they desire to do so, convert to state-chartered institutions. They may achieve this without going through liquidation and suffering the tax penalties of the liquidation procedure, under the bill which has finally been made law.

Congress also passed a bill, and the President signed it into law, putting national banks on an equal footing with state institutions in accepting deposits of state and local public monies. Previous Federal requirements hampered national institutions in this respect in some 22 states.

With the swearing in, on September 1, of Oliver Powell of Minneapolis

for an unexpired term ending February 1, 1952, and of Edward Lee Norton of Birmingham, Alabama, for a 14-year term, the membership of the Board of Governors of the Federal Reserve System is now complete.

Although Congress failed to take any final action to bring about a lowering of the present 2 percent interest paid on postal savings deposits, one committee did take preliminary action. A House subcommittee approved a bill allowing the majority of the Postal Savings trustees to reduce interest in bites of $\frac{1}{4}$ of 1 percent monthly each six months—provided it didn't affect outstanding deposits.

In bad repute with Congress, the entire slate of nominees for the Board of the RFC was ignored by Congress when their nominations were sent to the Senate. Under the law, old Board members who would have been supplanted remain on the job until their successors qualify—unless the President calls for their resignations and they give them. Although the President designated RFC to make defense expansion loans, it is doubted that the agency will play an important part in this role—its job probably being limited to technical handling of the financing of deals worked out by other agencies.

Congress appropriated \$34-million to start the "technical aid" phases of Point IV, but declined to adopt legislation empowering the Export-Import bank to insure private U. S. investors against certain losses on investments made in so-called backward areas.

Conservative Senators insist that next year's tax bill will hit tax exempt cooperatives, primarily farm cooperatives, but in the process will tax income of mutual savings banks, savings and loan associations, and similar institutions.

Although approving the Rural Electrification Administration generally, a House Expenditures subcommittee sharply criticized REA for allowing many instances of bad management by particular REA co-ops to go unchecked.

The Senate ditched the House-passed bill which would put the Federal Government into the business of insuring loans up to \$100-million for construction of cooperative or other non-profit city markets for fresh fruits and vegetables.



Two new members of the Federal Reserve Board are sworn in—Oliver Powell (left) and Edward Lee Norton (third from left). Second from left is Board Chairman Thomas B. McCabe. Far right is Supreme Court Justice Hugo L. Black, who administered the oath

PINNIGAN

now—an improved money-saving method for posting checking accounts

All three records—ledger, statement, and journal—are posted at the *same time*—all in original print—no carbons being used. All are neat, legible, identical records. Error corrections print in the proper columns—in reverse color—on all records—and adjust the affected totals!

The National Class 2000 Commercial Posting Machine may be used with *any* conventional single posting plan. It provides a complete

automatic analysis of check activity. And complete analysis of deposits may be posted to the ledger immediately following the posting of each deposit on the account.

Your local National representative will be most happy to demonstrate the service this remarkable National Class 2000 Commercial Posting Machine can render in your bank. Call him *today*. Or, write to the Company at Dayton 9, Ohio.

The National Class 2000 Commercial Posting Machine is remarkably automatic . . .

- Automatic positive alignment of forms
- Automatic multiple-line spacing
- Automatic column selection
- Automatic count of checks, deposits, corrections, and new balances
- Automatic printing of check count
- Automatic simultaneous printing of original journal
- Automatic simultaneous printing of balances on statement and ledger
- Automatic overdraft lock



THE NATIONAL CASH REGISTER COMPANY



The Case Against Jabberwocky

EARL S. MacNEILL

The author is vice-president of the Irving Trust Company, New York.

THE quotation in the title, believe it or not, is the subtitle of a report filed by a committee of the real property, probate and trust law section of the American Bar Association at the annual meeting of the association in Washington last month. Author of the report was Joseph Trachtman, New York lawyer, as chairman of the committee on standards of draftsmanship: wills and trusts.

Not only lawyers but everyone who is interested in wills—even if it be but his own will—will be interested to know that a representative voice has been raised against prolixity in the writing of wills, particularly those involving trusts. "Perhaps the length of our documents may be attributable," observes the committee, "to electronic dictating machines, electric typewriters and plenty of paper"—and a plethora of "standard forms."

These are a delusion, it is observed. "There are no standard situations and solutions. At best a specimen form can only be a stimulus for deciding what language to use. . . . A draftsman is to be reproached if, by a signal to a stenographer, he loads into a will, in bulk, a collection of 'standard forms' in the belief that it is better to play safe, to risk surplusage than omission. If a few tools are sufficient, why give the fiduciary a mass of creaking machinery? And, what is worse, the mass may not only conceal but may lack the very tool that is needed. . . .

"Nor can we ignore the testator," it is wryly observed, "whose will it is after all. Some day long-suffering testators may rebel at signing documents with administrative provisions spread over six or seven pages of legal cap."

Administrative Powers Defined

The committee, therefore, offered a set of clauses defining the more common administrative powers granted to executors and trustees. They are terse, yet comprehensive. An accompanying commentary explains the purpose behind particular phraseology, suggests variations to suit differing circumstances, supplies the draftsman with the wherewithal to determine whether the clause, or all of it, or some paraphrase of it, is best suited to the purposes of the case at hand, so that he need not, "by signal to the stenographer," simply dump the clause into the will he is dictating.

People in trust business will be heartened by the report's opening caption:

"The Ideal Plan Is to Select Fiduciaries Carefully and Give Them Unlimited Discretion."

In the clause relating to investment powers this philosophy receives its fullest expression. Executors and trustees, regardless of statutory or other legal rules, are granted power to:

"Acquire by purchase or otherwise, and retain, temporarily or permanently, any kind of realty and personalty—even stocks and unsecured obligations, undivided interests, interests in investment trusts and discretionary common trust funds, property which produces much, little, or no income, or which is wasting, or is outside of my domicile or abroad—all without diversification as to kind or amount."

Give "Complete Authority"

Comments on this clause reflect the writer's practical approach:

"The fruits of 'unauthorized' investments are accepted cheerfully; losses are hard to 'understand.' When the intention is to give a trustee complete authority, he ought to be protected against attacks based on alleged lack of authority—the attacks should be limited to lack of prudence. We, therefore, mention only varieties of property which trustees would not ordinarily feel free to retain or acquire. Thus we do not specify Government bonds, mortgages, or other traditional trustee's investments."

Diversification of Risk

Again: "There is general agreement that diversification of risk is desirable. We relieve the fiduciaries of any duty to diversify . . . because a fiduciary who is obliged, or thinks he is obliged, to maintain any kind or degree of diversification may be driven to diversify simply out of fear of Monday morning quarterbacking at a time when it would be better if he stood pat."

Administrative Powers

The full catalog of basic administrative powers scarcely fills a typewritten page; a few supplementary powers are suggested which are of comparable brevity. Absent are the parades of synonyms which are the trademark of traditional lawyer-writing. As for the comment, we have given samples of its colloquial flavor. Readers of *BANKING* thereby may be encouraged to read the report, which, in due time, will be reprinted in the proceedings of the section (distributed to members only) and which currently is available (in a somewhat abbreviated version) to all readers of *Trusts and Estates*. *BANKING* has a number of copies of the mimeographed report, as originally presented, and will send them, on request, while the supply lasts.

Cooperation of Banker and Purina Salesman



P. R. Kenefick (right), president of The National Citizens Bank, Mankato, Minn., checks finance figures with Purina Salesman Howard Wollam.

Makes Turkey Financing PROFITABLE



Banker Kenefick and Wollam also check financed operations "in the field."

Turkeys are now a big business that is bringing added prosperity to industrious Mankato, Minn.

Part of the success of the turkey business in this area is due to the cooperation of Purina Salesman Howard Wollam and the alert president of The National Citizens Bank of Mankato, P. R. Kenefick. Wollam provides finance estimates based on needs of turkey growers. Then Banker Kenefick checks these estimates with Wollam and provides needed capital.

The excellence of this arrangement was illustrated recently when, at the end of the year's operation, the estimate of funds needed to finance 80,000 turkeys was found to be off by less than one per cent.

The National Citizens Bank of Mankato is just one of the many banks cooperating with Purina Salesmen and Dealers in financing operations. Together they are building for profit and community prosperity.



OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Why not make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon?

If you do not have a Purina Dealer in your town now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 32 strategically located plants and carry the Checkerboard label, rural America's best-known trade-mark.

For more information on the Purina Franchise, write to Department C.

RALSTON PURINA COMPANY

1605 Checkerboard Square

St. Louis 2, Missouri

Better Living



The Family—

Budget Book Organizes the Family's Finances

The First National Bank of Saint Paul has published a new 44-page budget book for family and personal finances.

The book is not merely a record of expenses; it provides for a yearly projection of spending and a monthly picture showing exact financial position. It includes a sample budget with full explanation; income tax information; a page covering dates of important bill payments; and balance sheets to indicate yearly financial status. Forms are provided for a two-year record.

The bank has issued budget books before, but this new 11 x 13-inch edition is enlarged and improved. Entitled *Family Financial Planning*, it relates on page 1 that it is "designed to help families live within their incomes."

Included in this new edition are:

(1) Three simple personal state-

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING'S editorial staff.

ments which, if accurately prepared, will show whether or not progress is being made each year.

(2) Twenty-four monthly sheets to list monthly receipts and disbursements.

Shown below is the cover of the new *Family Financial Planning* book of the First National Bank of Saint Paul



(3) One sample budget to illustrate the method of preparation.

(4) Two blank budget forms—one for each year.

(5) Several pages for memoranda.

(6) A page for listing principal payment dates and amounts of taxes, insurance, etc.

(7) Two pages for certain income tax information—one for each year.

Savings—

Insurance Guarantees Savings Account Goal

LISA is, as might be expected, the initials for something—this time not a Government agency. LISA is advertised by the face of a pretty girl, with the name beneath her picture. LISA stands for Life Insured Savings Plan, a new savings promotion of the Bank of America through its 500-odd branches in California.

Under the plan, the depositor contracts to save a stated sum monthly and the bank contracts to cover the amount of the savings goal with in-

surance on the life of the depositor. The insurance covers the unpaid balance of the contract so that upon death of the depositor the full contract is paid to his estate, plus earned interest (currently at a rate of 1½ percent).

The maximum insurance on any single depositor is \$1,000. The depositor need not take a medical examination if he states that his health is generally good. Anyone whose age is between three months and 46 years may be enrolled.

The depositor contracts to make his payments on or before a specified date each month. If he fails to do so within 30 days, the account matures and the insurance is cancelled. Charges for insurance are then deducted from the depositor's balance at the rate of ½ of 1 percent per annum on the average balance of the unpaid portion. Thus the depositor has a substantial stake in keeping up his deposits.

If the depositor completes his payments, he receives the total savings plus interest.

The California Insurance Department has approved the plan.

The Graduate—

Graduation Participation Calls for Planning Now

Schools have just opened. But it's not too early to think about the part the bank may play in the next graduation.

In Hamilton, Ohio, one bank identifies itself very closely with high school commencement. The First National Bank and Trust Company presents to each graduate a booklet which is in many ways unique.

In the first place, the printing is done locally, on presses manufactured in the city, and using papers made by two local companies.

The booklet is unique, too, in its content. It carries a message and it provides space for the graduate to record many things to remember.

On page 1 is the reproduction of a very clear aerial photograph of Hamilton. This is followed by a first-person-singular account entitled "I Look Over the Community," written as if by one of the graduates, and stressing The American Way.

Then there are many pages for the use of the graduate, all nicely departmentalized. Under *Up To Now* the graduate finds space for him to record Things I Like to Remember About School Days, with headings: Teachers; Special Events; Commencement Impressions; etc.

There follows the section on *I Continue to Learn and to Earn*, which has spaces for dates of graduation from high school and college, degree, additional training, first full-time job, training for betterment, first raise, and further progress.

Next is *Dreams Come True*. Here appears A Record of Things Hoped For and Attained.

I Progress in Money Matters comes next, with a financial record page.

Lastly, *The President of the Bank Writes Me a Letter*. Here President Don W. Fitton has written:

"You opened this booklet to a picture of Hamilton. I ask you to look at the picture again. You'll see a lot more in it now than you did before you looked ahead with us.

"You will see that every factory, store, office, home and farm represents money—money at work for not only its owners but for the entire community as well.

"You will see that the bank is not a mere storehouse for money, but rather a reservoir of working capital, generating the kind of power that keeps industry humming, builds happy homes, prosperous farms and well-stocked stores.

"You will see that the bank is truly a community institution. You will understand why the bank is a defender of The American Way of Life, why it sponsors students' tours of Hamilton industries, and why it is interested in you as an individual.

"You want to be successful, and a bank's first job is to help its customers to work more effectively to this end.

"Throughout your entire lifetime you are going to need the services of a community bank. We invite you to make our bank your bank, and to call on us whenever you feel that we can be of any help to you."

"One of those things we have to be thankful for is that we don't get as much government as we pay for."

—CHARLES F. KETTERING

Cars; Refrigerators—

Bigger Down-payment; Shorter Time to Pay

The following is adapted from an address to the Kentucky Bankers Association, on the day before Regulation W went into effect, by Walter B. French, deputy manager of the American Bankers Association in charge of its Consumer Credit Committee.

FOR the third time since September 1941, the banks of the country and other lenders, together with the buying and selling public, are obliged to conduct their consumer credit sales and purchases and borrowings under Regulation W. The authority this time was given the President under a bill known as the Defense Act of 1950. The Board of Governors of the Federal Reserve System has issued terms and types and kinds of credit the Regulation will currently cover. These terms can and probably will be changed from time to time.

The experience of lenders, sellers, and buyers under the Regulation during the two previous times it was in force was most satisfactory. On both previous occasions the Board of Governors of the Federal Reserve System also had the task of enforcement. The Consumer Credit Committee of the American Bankers Association will make every effort to assist the Board in carrying out its responsibilities with regard to this Regulation now as it has done before. The Board of Governors demonstrated on every occasion that no terms would be announced until all factors had been considered and at no time in the past have lenders, sellers, or buyers suffered any unwarranted hardship because of the way the Regulation was administered.

Opposes All Regulation; Assures Full Cooperation

To keep the record clear I would like to restate the position of the Consumer Credit Committee of the American Bankers Association by saying that the Committee and the

Association are opposed to a regulation of this kind except in periods of national emergency. In times of emergency there are many restrictions enforced that interfere with the normal course of living. Control of the free flow of credit is one. It is not for anyone to object to any inconvenience imposed at a time when our country faces a serious problem. Certainly the history of consumer credit lenders has been excellent over the past years when we have been subject to regulation. From the Board of Governors of the Federal Reserve System itself, we have the encouraging word that over the years when the Regulation was in force it was satisfactorily administered with a minimum amount of policing and expense. When we think of the hundreds of thousands of transactions that took place during those years, it speaks well for the willingness of the American people and business to cooperate and submit to regulation and control.

Banks Get Credit

The banks of the country deserve a great deal of credit for bringing this condition about. It was the banks on the two previous occasions, and it will be the banks again that will have the major task of educating both sellers and buyers in their rights and privileges, and of advising them of the restrictions under the Regulation. On the two previous occasions the banks of the country

were the interpreting medium for many other consumer credit lenders, especially small lenders operating in limited areas. Thousands of our own manuals were distributed by the American Bankers Association in 1941 to all who needed them—not only to banks, but to sellers and other lenders as well. One reason why the regulation will go into effect tomorrow morning with a minimum of confusion is because of the educational job that was done by the banks of the country in 1941 and in the years that followed when the Regulation was in force.

Your Association, speaking for the banks, has again pledged its full support to the Board of Governors of the Federal Reserve System and will not only make its services available to banks but to anyone else who feels that we can be of help to him. Countless requests for information on the Regulation have come to us during the past weeks from other than banks.

Effectiveness Questioned

On the eve of this Regulation again being put into force, I think I should say this for the record. Since September 1941 and during all the years it was in force, it never accomplished what it was supposed to do. In my opinion, as an anti-inflationary control (and that was supposed to be its only function), it was a complete failure. The only time that consumer credit outstand-

HISTORY OF REGULATION W

Began: September 1, 1941

Expired: November 1, 1947

Reinstated: September 20, 1948

Expired: June 30, 1949

Reinstated: September 18, 1950

ings contracted during World War II was when there was nothing for consumers to buy or to borrow money on—no automobiles, no washing machines, no refrigerators, no nothing! Workers were making big wartime salaries so that even cash lending requests dropped to a minimum. The point I am trying to make is that the sharpest contraction of consumer credit outstandings during World War II, when the outstandings of banks contracted 75 percent—from \$2-billion to \$500-million—was during a period when this contraction would have taken place without any regulation.

Terms Called Liberal

The terms announced by the Board of Governors are fairly liberal—in two areas more liberal than current terms in the trade. (Those two cases are used cars and television sets.) I agree with the Board that they have to be liberal. We must keep merchandise moving as long as it is being manufactured and is available for consumer consumption. If we ever start backing up on inventories before the slack is taken up by defense production, we will be in a mess. How much of our production is going into defense during the next few months or a year is only conjecture on my part. The largest percentage I have heard from any informed source is 15 percent. If 85 percent of our production will still go into civilian consumer markets, that means a lot of goods, and they must be kept moving. If we are going to have higher taxes, we need steady work and steady payrolls.

During the past months, executive heads of a few consumer lending companies have urged the reimposition of consumer credit controls. As in most cases when loud voices are heard for the Regulation, I am afraid the motivating influence

(CONTINUED ON PAGE 84)

In cooperation with United Airlines, a depositor of the First National Bank of Nevada, Reno, the bank devoted this window display to the promotion of personal loans for vacation trips. Aside from the public interest created, the window illustrated graphically that the bank is just as interested in potential borrowers as in major depositors





How one lending institution enlarged its portfolio of mortgages

They find it most desirable to include the General Electric Kitchen as part of the regular mortgage for many reasons. Perhaps it will be to your advantage to do so, too.

In the photograph above, you see people entering the model home built by George Becker and Oliver Martin of Stratford, Connecticut.

The entire development of 50 houses was sold in one week end, and the bulk of the mortgages was contracted with a local lending institution.

Under the financing plan, General Electric Kitchen equipment was included in the regular mortgage. The average increase in payments to the new homeowner was less than \$5 per month!

This attractive arrangement means that the new homeowner need not be obligated to buy kitchen and laundry appliances under short-term obligations and thus assume additional burdens the first few years.

The homeowner becomes a more satisfied and *willing* mortgagor because the G-E all-electric home eliminates kitchen and laundry drudgery.

The interests of the lending institution are protected, too, because the Stratford Houses with General Electric Kitchens are truly modern . . . houses that the home-

owners are proud to maintain.

Are you including the General Electric Kitchen-Laundry in your mortgage plans? We sincerely believe it to your advantage to do so! Home Bureau, General Electric Company, Bridgeport 2, Connecticut.



The Stratford G-E Kitchen includes: the G-E Automatic Dishwasher and sink . . . G-E Garbage Disposall® that automatically shreds food waste and washes it down the drain . . . dependable G-E Refrigerator . . . efficient G-E Range . . . G-E Automatic Washer . . . and spacious G-E Cabinets.

You can put your confidence in—

GENERAL  ELECTRIC

(CONTINUED FROM PAGE 82)

is not for its anti-inflationary aspect but to have Uncle Sam police their competition. I note that the hue and cry for the Regulation comes at a time when the companies are loaned up.

Why Is It Wanted?

During the hearings in Washington that were held in connection with the Defense Act of 1950, a newspaper release was read quoting the president of a finance company as asking for the return of Regulation W. The questioning of one of the best informed members of Congress regarding this release confirmed my own thinking. How sincere are these suggestions? If the real reason is to police competition, it is a very dangerous development and some day may prove to be a boomerang. After this emergency is over, we will have a job getting rid of this control. That was the situation we found each time it expired in the past.

So we shall see what we shall see! We people in the banks who are responsible for enforcing the Regulation, must do everything in our power to make it work. Up to now it never has!

Community Charge Account

Charge It at the Store;
Pay for It at the Bank

The first bank-sponsored community credit plan of its kind in New Jersey (and one of the first in the country) went into effect in Paterson on September 6.

The plan is called "Charg-It," and is sponsored by The Paterson Savings and Trust Company.

Charg-It was developed to meet the demand for a workable credit system which, through a central financing organization, would give customers of smaller retailing establishments credit facilities comparable to those of major department stores.

Choice Offered

The participating stores offer their customers the choice of either a regular 30-day charge account or a revolving charge account.

The regular 30-day Charg-It account calls for billing every 30 days—payable in full each month.

The revolving Charg-It allows the

customer up to 6 months to repay a previously established credit limit. For example: A customer granted \$180 as the credit limit must pay \$30 a month and then may continue to charge an amount up to the \$180 monthly credit limit if payments are made regularly.

The bank will be responsible for all details connected with Charg-It as sponsors of the plan in Paterson. It will issue an account plate to shoppers which can be used only in participating stores. The stores can receive credit applications, but the bank will do all credit investigation and billing. Bills will be payable at the bank.

A number of merchants signed up at once when the plan was announced at a dinner meeting in late August. Twenty-five stores were participating on the day the plan opened, and the bank expects that many more will want to join up.

Customers using Charg-It pay nothing extra for the privilege.

In announcing the plan, Paterson Savings advertised:

"Here are a few of the time savers and conveniences that will be yours when you join the Charg-It family:

"1. You can shop in your own neighborhood Charg-It stores and receive the same credit courtesy available at the biggest stores in the city.

"2. No need to carry large sums of cash. Charg-It ends money loss worries.

"3. You receive only one itemized Charg-It bill. No more paying for each purchase separately.

"4. Any member of your family may use a Charg-It credit plate—extra plate will be provided.

"5. Ends embarrassing waiting while your purchases are okayed by the credit manager. Your magic Charg-It plate is your automatic OK."

It was made plain also, that "this plan will be modified as may be required by any government regulations concerning the extension of credit."

No wonder babies cry when they are born into this world—naked and hungry, and find they already owe the Government \$1,700.

—Olney (Ill.) Advocate



Formal opening of the "Charg-It" booth in the main lobby of the Paterson (N. J.) Savings and Trust Company as the new shopping service was instituted on September 6. President C. Kenneth Fuller stands by as Miss Janet Neer, in charge of the bank's booth, prepares to sign up the first customers. The new service had 25 stores as subscribers on its first day, with more expected as the plan gets into full operation



Her Dad's Sleeping Peacefully, too . . . *Thanks to You*

JANE is off to blissful slumber on the first night of her long trip to college. Back home, her dad is resting peacefully, too, undisturbed by worries about her mislaying her travel funds or being robbed.

He knows the American Express Travelers Cheques in her handbag are full protection against loss and theft; and his peace of mind is strengthened by his knowledge that she'll experience no embarrassment, no inconvenience when she tenders them in payment.

"American Express! Yes, Miss; what can I do for you?"—that's the instant recognition, the universal acceptance with a smile she'll be accorded every time she spends one of these familiar blue cheques.

Jane's dad will appreciate the thoughtfulness of his banker in supplying her with the cheques that give her complete protection of her travel

funds and full assurance of courteous service whenever she spends them.

Fifty-nine years of continuous promotion have made American Express Travelers Cheques the most widely accepted cheques in the world—by those who carry them as well as those who take them in payment.



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In 167 American Express offices in the United States and abroad, your customers carrying our Travelers Cheques will find ready help in time of need, given with the same degree of courtesy, the same spirit of friendliness they find at your bank.

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AMERICAN EXPRESS TRAVELERS CHEQUES

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The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

MR. OLYPHANT, on the faculty of The Graduate School of Banking, is a Government bond and money market specialist.

THE decision of the Treasury Department to refund the entire \$13,500,000,000 of called bonds and maturing certificates with new 13-month $1\frac{1}{4}$ percent notes not only provided a field day for financial commentators, but also resulted in a tremendous turnover among the various Government issues of all types and maturities held in the Federal Reserve portfolio.

Accompanied, as the announcement was, with the action of the Federal Reserve Bank of New York in raising the rediscount rate from $1\frac{1}{2}$ to $1\frac{3}{4}$ percent (followed within the week by similar action by the 11 other banks), it was not surprising that phrases like "the battle starts," "Federal Reserve exerts its independence" and "short-term rates forced up without Treasury consent" were used in articles commenting upon the conflicting decisions.

Off with the New

Once the news was out, the result was what one might have expected. Toeing the line, the Open Market Committee saw to it that none of the called and maturing issues sold below par. In consequence, holders of such issues, not only disappointed in the terms of the exchange but also expecting, with considerable justification, that the price of the new issues would not be pegged at par when the exchanges had been

completed, "looked around for more that they could do." They could and did do several things. Many sold their called and maturing issues and bought the $1\frac{1}{4}$ percent notes maturing on July 1 and August 1, 1951. These notes, which were the outcome of the exchange of $1\frac{1}{4}$ Treasury certificates which had matured on June 1 and July 1, were held in huge quantities by the Open Market Committee as a result not only of their original exchange on June and July 1 but of subsequent purchases in maintaining a bid of a 1.24 percent basis since that date. Subsequent to Monday, August 21, these notes were made available to all comers at about a 1.30 percent to a 1.32 percent basis. Treasury bills also were available at a rate in excess of $1\frac{1}{4}$ percent and were used by banks as a temporary replacement for the funds received from the sale of maturing issues, possibly waiting for an opportunity later to acquire the new issues at perhaps a 1.35 percent basis—a quite reasonable hope. Some may have decided to do their own refunding into longer issues, as at first there appeared to be demand for the $1\frac{1}{2}$ percent notes 1955, $2\frac{1}{4}$ percent 59/56, and $2\frac{1}{2}$ percent bonds 58/56, and even the longest term $2\frac{1}{2}$ percent bonds 72/67.

Bulge in Long Market

After quotations for the "bank" and "Victory" $2\frac{1}{2}$ s had risen about half a point, renewed offerings from the Federal Reserve portfolio punctured the swelling, which was credibly said to have been more the re-

sult of "professional" operations than of any real volume of new purchases for investment accounts. Furthermore, if the short-term rate is to be forced upward—for a time at least—there can be no reasonable justification for higher prices and lower rates for the longest issues. Just to the extent that more income can be obtained for the nearly risk-proof bills, certificates and notes, there is less reason for banks to extend their maturities into the longer categories, prices for which seem now to be somewhat more vulnerable than in the past few months.

"Tap" Issues

In the 10-day periods early in October, November, and December, investment institutions and funds other than commercial banks will be allowed to increase their combined holdings of Series "F" and "G" Savings Bonds by \$1-million. The last time such an offering was made was in July 1948, and the total of subscriptions was just under \$1-billion, commercial bank subscriptions taking less than \$200-million. To be truly noninflationary, payment for subscriptions should be made from accumulated cash. Sales of other securities, if "eligible," would probably end up in commercial bank portfolios. Sales of other "ineligible" bonds might come to rest only in the Federal Reserve portfolio. Both processes would negate the original deflationary effect on bank deposits. On the other hand, subscriptions paid for from accumulated cash would be just what

the doctor ordered to lessen the inflation flush in bank deposits. It is highly desirable that subscriptions be confined to an amount which can be provided without the sale of other Government issues.

With this new offering available, it seems that the demand in the market for the presently outstanding issues might lessen somewhat, and that, therefore, little further immediate reduction will occur in the Open Market Committee holdings of "over 5 year" maturities, which are now less than \$2,500,000,000. Some buyers do prefer the marketable bonds and a yield of only .08 percent more from the "G" bonds is not, in their opinion, adequate compensation for loss of the ability to move at will. There is some justification for arguing that to permit the "tap" $2\frac{1}{2}\%$ 72/67 to rise somewhat might seem to make the "G" Bonds look more attractive. By and large, however, there is good reason for feeling that the big shrinkage in the Federal Reserve holdings of "over 5 year" bonds has terminated, with no reason whatever for anticipating any price decline for the tap issues as a whole. Whatever the outcome of the present conflict of opinion between the Treasury and the Federal Reserve may be in its effect on the short-term rate structure, *it still remains true that the $2\frac{1}{2}\%$ percent anchor for the long bonds gives absolutely no evidence of dragging.*

Open Market Objectives

To be effective, the Federal Reserve policy of credit restraint certainly requires that the total of Federal Reserve credit be prevented from rising and should be decreased if possible. Federal Reserve credit now consists almost entirely of U. S. Government obligations. It follows, therefore, that the Open Market Committee must make every effort to offset any purchases with an equivalent or greater amount of sales. Since the result of the Treasury's decision to confine current refunding to a $1\frac{1}{4}\%$ rate for a 13-month period was to bring on a rash of sales of the called and maturing bonds and certificates which the Open Market Committee was forced to buy, it was necessary to find something which could be sold to offset the purchases. This was done by cutting the price of and increasing the yield on the previously

outstanding $1\frac{1}{4}\%$ percent notes due on July and August 1, 1951, and by allowing the rate for Treasury bills to rise to between 1.25 percent and 1.30 percent.

There were two desirable objectives for this action. The first was to prevent a rise in the total portfolio. Sellers of the maturing issues—which were acquired by the Open Market Committee—were able and seemed willing to acquire the other and shorter issues at an improvement in interest return of from .05 percent to .07 percent. These issues coming from the Federal portfolio served to offset the purchases of the maturing issues. The net effect was to keep the change in the total of the Federal portfolio within moderate limits.

The second objective was to avoid, as far as possible, an embarrassing demand for cash payment on September 15 and October 1. Such a demand—which might well have greatly exceeded the limit of \$5-billion which can now be obtained by the Treasury directly from the Federal Reserve—will be diminished just to the extent that the maturing issues are in the Federal portfolio, where they will unquestionably be exchanged for the new issues. It is probably true that both the Treasury Department and Federal Reserve would prefer to have the Federal own all of the maturing obligations whose owners were unwilling

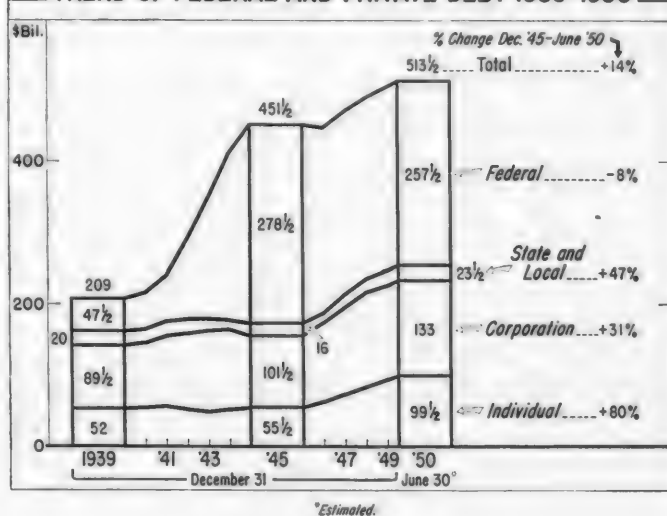
to accept the new notes. Nevertheless, the likelihood seems to be that the amount paid off in cash may be substantially higher than in any previous refunding. Ten percent of the maturing issues would be about \$1,350,000,000—half, or thereabouts, on September 15 and the balance on October 1. These amounts might require somewhat heavier direct temporary borrowing by the Treasury from the Federal Reserve than in any previous refunding or tax payment period.

Short-Term Rate Upped

The policies just described have had the effect of lifting the short-term interest rate well toward the $1\frac{3}{8}\%$ percent which the Federal Reserve has been known to favor, since the inflationary potentials have become "foreboding," and to have demanded—in the words of a private memorandum distributed to key members of Congress by the Federal Reserve Board—"vigorous measures of restraint on private credit extension." In short, and in spite of apparent disapproval by the Treasury, the Federal Reserve has effectively accomplished its objective by indirection. To do so it has been forced to take the unusual step of selling Government securities at a loss, since nearly all of its holdings of the shorter term issues had been acquired at par or slight premiums.

(CONTINUED ON PAGE 122)

TREND OF FEDERAL AND PRIVATE DEBT 1939-1950



INDUSTRY

The Utility Industry

H. EUGENE DICKHUTH

minum producers into the business in order to provide the necessary reserve capacity for vastly stepped-up airplane production. Today there are only three domestic manufacturers of primary aluminum—Aluminum Company of America, Reynolds Metals Company, and Kaiser Aluminum & Chemical Company. The two concerns now trying to obtain Government facilities are Apex Smelting Company (Chicago and Cleveland), and Harvey Machine Company of Torrance, Calif.

Utility companies must provide one of the prime wherewithals for these proposed boosts of output. In view of the new circumstances created by the Korean hostilities, previous estimates by the \$22-billion utility industry had to be revised sharply. Since signing of the armistice with Japan—five years ago—utility expansion through 1951 was indicated to the tune of about \$9-billion. Such relatively long-term planning is essential in this field, since no manufacturing method has been devised yet which turns out generators on a conveyor belt. It takes many months, sometimes years, to produce electric giants.

Top executives in the industry now talk of spending more than \$2-billion every year through 1953 to satisfy demands of the new situation. Reserve generating power on a national basis now runs between 10 and 15 percent. This, admittedly, will be reduced somewhat as the large consumers of power, such as aluminum, aviation, steel, and automotive plants, add shifts to their present output.

At the peak of production during the last war, reserve capacity occasionally dropped to 5 to 7½ percent—a thin but sufficient margin. There is now, however, the chance that, in case of another major conflict, bombings might occur and temporarily knock out generating capacity. This contingency has to be considered in many calculations.

The present generating capacity

of the country totals about 50-million kilowatts, against 40.3-million in 1946. The projected figure for the end of 1953 is about 71-million kilowatts, or more than double the increase of the past four years.

It is a vast undertaking in any terms, particularly since construction costs have risen sharply. In 1939, the cost of distribution lines ran to about \$150 a customer, and today's figure is at an average of about \$385 on an industry-wide basis. This, however, is not an entirely true measurement, since from the end of the last war on, more rural customers and those in outlying suburban districts have been connected than ever before. The distribution cost in those instances, naturally, was higher than in closely settled areas of multiple dwellings.

THE number of utility customers also has risen sharply in recent years. In 1945, users of electricity totaled 34-million, and as of June 30 that figure had increased to about 44-million. Approximately 37-million of them came under the classification of residential and the balance under commercial and industrial.

Among the larger utility companies which plan on adding to their generating capacity are Consolidated Edison Company of New York, Pacific Gas & Electric Company, Detroit Edison Company, Niagara Mohawk Power Corporation, American Gas & Electric Company, and Consumers Power Company.

The national utility expansion program virtually assures a continued flow of new offerings by various companies in the investment markets, as in the past years. Depending on the degree of price stability which can be maintained in the United States, the industry, as a whole, should enjoy excellent working conditions and good profitability, despite long range Government plans to build vast new hydroelectric power projects in several sections of the country.

DESPITE a steady expansion of facilities since the end of the last world war, further substantial increases in kilowatt capacity are now being planned by the utility industry, as a whole, in order to satisfy the growing requirements of the economy. The ever rising needs stem from a variety of factors.

One is the increase in population and the concurrent increase in housing, of both the single dwelling and multiple occupancy type. Another is caused by the great technological progress of the past 10 to 15 years. It is no rarity these days to have households almost completely electrified. The number of appliances used widely has multiplied. To single out just one item, television alone is responsible for appreciable consumption of electric current.

Finally, there are the new war preparation requirements of American industry which loom large; and they are, of course, of primary importance. As long as most factories do not work nights, however, existing maximum load capacities and their planned expansion will be sufficient. One of the greatest industrial requirements for electric current is the manufacture of certain metals, notably aluminum.

There is now a growing scarcity of the white metal and of other non-ferrous metals requiring electrolytic processes. And plans are under way to step up production in these various fields.

Negotiations are proceeding at the present time to bring two new alu-



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BANK LAW NEWS

Fictitious Payee—Taxation—Stopping Payment

FICTITIOUS PAYEE

Collecting banks liable to drawee on fictitious payee checks prepared by drawer's dishonest employee.

The liability of New York banks which paid and collected over \$300,000 worth of checks drawn to fictitious payees in the well known Mergenthaler Linotype Co. case has been affirmed by that state's highest court. New York has not enacted the A.B.A.-recommended Fictitious Payee Act.

It may be remembered how a clerk of the Mergenthaler Co. mulcted his employer of some \$775,000 by preparing checks payable to nonexistent concerns, representing to company officers that the payees were actual concerns to whom the company owed money and thereby obtaining their signatures to the checks, forging endorsements in the payee's names, and then cashing the checks with the aid of confederates.

The drawee bank sought recovery from the collecting banks on the ground that the checks were "mere scraps of paper creating neither right nor obligation," that the endorsements passed no valid title to them, that it was liable for paying out the money of its depositor, Mergenthaler, without authority and, hence, that collecting banks to which it had paid the amount of the checks were liable in turn.

In granting recovery, the New York courts denied the contention that the checks should be treated as bearer paper requiring no endorsements and thus making forged endorsements immaterial.

This contention was based on the fact that §9(3) of the Uniform Negotiable Instruments Law provides that an instrument is payable to bearer: "When it is payable to the order of a fictitious or nonexistent person, and such fact was

known to the person making it so payable. . . ."

It was denied on the grounds that in this case the company officers who signed the checks did not know that they were making them payable to fictitious persons.

The A.B.A. Fictitious Payee Act provides for amending §9(3) of the UNIL to provide that an instrument is payable to bearer: "When it is payable to the order of a fictitious or nonexistent or living person not intended to have any interest in it, and such fact was known to the person making it so payable, or known to his employee or other agent who supplies the name of such payee."

The act has been adopted in 12 states—California, Georgia, Idaho, Illinois, Louisiana, Massachusetts, Missouri, Montana, New Mexico, North Carolina, Oregon, and Wisconsin. Had it been enacted in New York the results of the Mergenthaler case would probably have been otherwise. *Bank of New York v. Public Nat'l Bank*, 93 N.E.2d 71. *Paton's Digest*, Forged Paper, §6.

TAXATION

Intangibles tax assessed against non-resident owner of mortgage note.

Florida's Supreme Court, with two judges dissenting, has decided that a note held by a nonresident and secured by a mortgage on Florida real estate is subject to Florida's intangible personal property tax.

The applicable tax law provided for the taxation of all notes, bonds and other obligations secured by mortgages or other liens upon Florida real estate and provided that no mortgage might be recorded in Florida or enforced in Florida's courts until the tax had been paid.

The court granted that it is a

legal maxim that intangible personal property is considered to accompany its owner and is therefore taxable only by the state of his domicile.

But, said the court, the maxim is "merely a legal fiction adopted from considerations of general convenience and policy," properly invoked when the owner of intangibles confines his activities to his domicile, but not when he extends his activities with respect to his intangibles so as to avail himself of the protection and benefits of the laws of another state.

The court then noted that the United States Supreme Court has held that there is no constitutional rule of immunity from taxation of intangibles by more than one state, and that any state which extends benefits or protection to such property or which can demonstrate the practical fact of its sovereignty over the property may constitutionally tax it.

The court took judicial notice that the tax is not collected annually, but only when a mortgage is presented for recordation or enforcement in the courts. In other words, said the court, the tax is exacted only if the owner of a mortgage elects to invoke and accept the benefits and protection of Florida's recordation laws or its courts. In such case, the court added, the practical fact of Florida's sovereignty over the property is obvious.

No nonresident creditor need subject himself to double taxation by seeking the protection of Florida laws and courts for his investments, said the court. He may restrict his mortgage investments to his own state or lend his money without security or take mortgages on Florida realty without recording. But if he

(CONTINUED ON PAGE 92)



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(CONTINUED FROM PAGE 90)

elects to invoke and enjoy the benefits of Florida laws and obtain the economic advantages afforded thereby, the court concluded, "It is only just that he should give a *quid pro quo* in return." *State v. Gay*, 46 S.2d 165. *Paton's Digest, Taxation*—State, §2:9.

STOPPING PAYMENT—I

Bank may recover amount of stopped check from depositor indebted to payee.

In Ohio, an intermediate appellate court has held that a bank which inadvertently fails to obey a stop payment order may not recover the amount of the check from a holder who acquired it in good faith and for value, but may recover from the drawer upon showing that he was indebted to the holder for the amount of the check.

The check in question was paid to the drawee after the drawer, who was indebted to the drawee for more than the amount of the check, had notified the bank to stop payment and had notified the drawee that payment had been stopped. The bank brought suit against both the drawer and the drawee, asking the court to declare the rights and liability of all the parties.

Upholding the judgment of a lower court, the Cuyahoga County Court of Appeals stated that the first part of its decision was in line with the general rule that, if a creditor has received payment of his claim from someone other than the debtor, that other person cannot recover the payment made to the creditor in the absence of some fraud or misrepresentation by the creditor. This means, said the court, that a bank which mistakenly pays a check on which payment has been stopped cannot recover if the holder acquired the check in good faith and for value.

On the other hand, said the court, it is also a general rule that where property of one person is used to discharge an obligation owed by another, under such circumstances that the other would be unjustly enriched by retention of the benefit thus conferred, the one making the payment is entitled to be subrogated to the position of the other's creditor.

The bank, in paying the amount of the check to the drawer's creditor

had in effect paid out money to the drawer's use, said the court. The fact that in so doing it had failed to honor the stop payment order was held immaterial on the grounds that, "A person who has conferred a benefit upon another by mistake is not precluded from maintaining an action for restitution by the fact that the mistake was due to his lack of care."

Thus, said the court, the bank had a claim against the drawer for the amount of the check and was entitled to charge that amount to his account.

"The justice of the above principles is apparent," said the court. "They correct the mistake if the holder of the check has been guilty of fraud in obtaining payment and prevent unjust enrichment of the maker if he stops payment." *Central Nat. Bank v. International Sales Co.*, 91 N.E.2d 532.

STOPPING PAYMENT—2

Bank may recover amount of stopped check from holder.

Tennessee's Supreme Court has held that a bank which inadvertently paid a check in disregard of a stop payment order might recover the amount of the check from the persons who received payment.

The check, drawn for \$3,850 and payable to "Cash," had been given to defendants by the drawer in payment of his gambling debts to them. It was presented for payment at the drawee bank by one Northcutt, who had no interest in it and promptly delivered its proceeds to defendants.

The bank then realized its mistake and sought to recover the amount of the check from defendants who, of course, objected.

Finding against the defendants, the court held that a bank which pays a check under a mistake of fact may sue for recovery against one receiving payment thereon who is not a bona fide holder for value.

Northcutt, said the court, was simply an agent of the defendants, and they, having parted with nothing for the check, which was not supported by valid consideration, were not bona fide holders for value. *Murfreesboro Bank and Trust Co. v. Travis*, 230 S.W.2d 658. *Paton's Digest*, Stopping Payment, §8:1.

When you run out of facts, you use "etc."



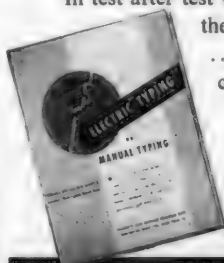
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Class in credit policies at the Vermont School of Banking (Column 1, page 97)

When The National Association of Bank Auditors and Comptrollers assembles in Kansas City, Missouri, on October 23, at their 26th annual convention, the largest meeting of bank auditors, comptrollers and operating men ever held will take place. Attendance is expected to exceed 1,000.

A special effort is being made to offer subjects that members from the smallest banks can get their teeth into. Among other program items there will be a panel on small bank operations.

* * *

Mortgage lenders and investors, bankers, builders and real estate men were enabled to make an accurate appraisal of what the present re-

School of Financial Public Relations

A STORY popular with chairmen introducing professorial speakers has a hillbilly enrolling in a course, attending a single lecture and then disappearing until exam time, when he turned in a paper, however, that got 98. The committee called him in, and the spokesman said, "We understand that you attended only one lecture and got a grade of 98. How did that happen?"

"Waal, I tell you," said the hillbilly, "that first lecture sure messed me up!"

No one got messed up in the School of Financial Public Relations, held July 31-August 12 on Northwestern campus, Chicago. For one thing, evening seminars, conducted informally, gave the 48 freshmen and the somewhat fewer seniors a chance to pin professors down to specifics and extract help on particulars.

Bank heads will be relieved to know that Swayne P. Goodenough (Lincoln Rochester Trust Company, Rochester, N. Y.), former president of the Finan-

cial Public Relations Association, gravely cautioned students not to unload everything at one time.

"It is a matter of communication," he said. "Take back to your bank the things you have picked up here, bit by bit—not in one package."

Bank heads should be warned, however, that turning down the first half-dozen suggestions advanced by returning students will not stop them. They'll come right back with a dozen more!

Shot through and through the two-weeks session was the idea that a bank must be right internally before it can get far with the public. Members of the bank staff must work together so well that each person can say, "I'm on the team!" When that is true, the public will know and will respond.

A teller may think the bank is confined to his cage. Some staff members do not have a statesmanlike view of operations. It may be strategic at times not to use the label "public relations," but to put an idea into practice and let staff members recognize its value.

MOSES M. SHAW
South East National Bank,
Chicago
Member, Freshman Class

Class of 1950 at the FPRA's School of Financial Public Relations



strictions on housing and financing will mean during the emergency period when they met at the 37th annual convention of the **Mortgage Bankers Association of America**, September 27-29. A portion of the program was devoted to interpreting and analyzing present limitations and those which may be made.

Top Federal authorities responsible for making the restrictions effective were on the program.

* * *

The instalment lending and consumer credit course offered by the **School of Banking at the University of Wisconsin**, which is sponsored by the Central States Conference, was expanded this year from two days of instruction to six days.

Some of banking's leading authorities in the consumer credit field participated in teaching the course. Kenneth K. DuVall, president, First National Bank of Appleton, Wisconsin, who has been section leader of the course in commercial bank credit of the school since its organization in 1945, was in charge.

Herbert V. Prochnow, vice-president, First National Bank of Chicago, and director of the School of Banking, reports that the school has grown from a student body of 47 and a faculty of 22 lecturers in 1945 to a student body of 650 and a faculty of more than 100 lecturers.

The school graduated 194 students from 23 states at the conclusion of

Hugh J. Bernard, vice-president, Second National Bank, Houston, Texas, is the newly elected president of the Financial Public Relations Association. A complete story on the FPRA's recent Boston convention will appear in the November issue of **BANKING**



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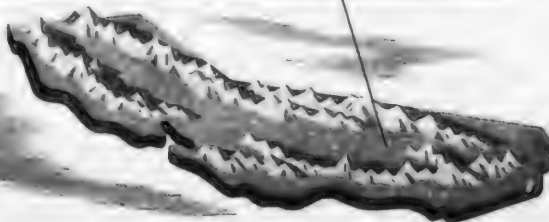
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its recent two-week session, according to Registrar Wall G. Coapman, who is secretary of the Wisconsin Bankers Association. In addition, the enrolment included 216 second-year men and 237 freshmen. The CSS offers a three-year course.

* * *

Joseph H. Wolfe has been elected executive secretary of the North Carolina Bankers Association. A native of Jonesville, North Carolina, he has been assistant professor of law at Washington and Lee University Law School.

Fred W. Greene, Mr. Wolfe's prede-

cessor, resigned to become vice-president of the Union National Bank of Charlotte, North Carolina, in charge of public relations.

Mr. Wolfe assumed his duties on September 1.

* * *

Announcements have been made by two state bankers associations of plans for "Know Your Bank Week" observances.

In Pennsylvania the dates October 16 to 22 have been selected to coincide with "Pennsylvania Week." Many Pennsylvania banks are holding open house just prior to the

week's celebration. Special tours will be conducted for service clubs and school children, and industrial and bank operation exhibits are being arranged. Chairman of the observance's committee in Pennsylvania is John D. Bainer, president, Merchants National Bank and Trust Company, Meadville.

In Virginia "Know Your Bank Week" will take place from November 13 to 18. Chairman of the committee is B. G. Roy, executive vice-president, First National Bank, Newport News. Bank tours and open house programs are being planned.

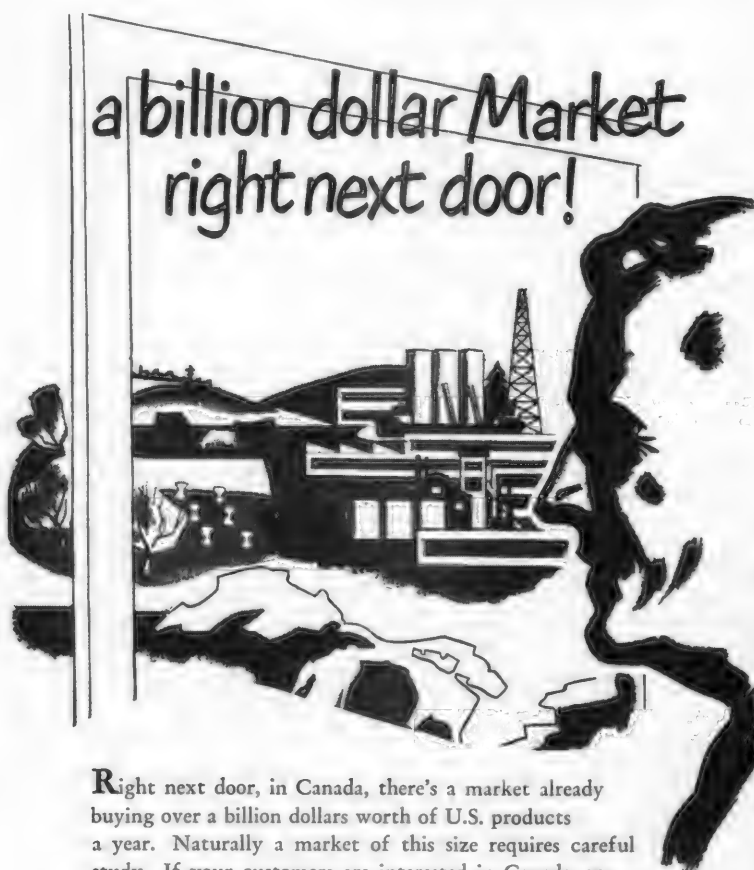
In both states, advertising and publicity material is being furnished the banks by the state associations.

* * *

Graduation exercises closing the fourth annual session of the Graduate School of Credit and Financial Management were held late in August at the Amos Tuck School of Business Administration, Dartmouth College.

This school, sponsored by the Na-

Barbara Pendleton, Grand Avenue Bank of Kansas City, Missouri, was this year's winner of the Jean Arnot Reid Award of the Association of Bank Women. The award is given annually to one of 10 women graduates of the American Institute of Banking with the highest scholastic average. It is based on qualities of scholarship, leadership, service, and character. Miss Pendleton is in charge of the Grand Avenue Bank's discount department. Her outside-the-bank activities range from editing the A.I.B.'s *Kansas City Banker* to fashion show work with a large department store



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tional Association of Credit Men and the Credit Research Foundation, was founded in 1947 and is conducted with the close cooperation of Dartmouth College. The purpose of the school is to provide an opportunity for intensive study of management problems at the policy-making level.

The course consists of three annual sessions of two weeks each.

* * *

This is the season for bankers conferences. Several have recently been held and more are to come.

The first annual investment seminar, conducted by the New York State Bankers Association in conjunction with the Graduate School of Business Administration of New York University, held a one-day meeting in mid-September. Completion of the course requires attendance for three consecutive years.

In Vermont, 60 bankers representing 25 of Vermont's banks attended the third annual School of Banking at the University of Vermont at the end of August. This school is under the joint sponsorship of the Vermont Bankers Association and the University's Department of Commerce and Economics.

Marion E. Mattson of the Northwestern National Bank of Minneapolis is the new president of the Association of Bank Women. She has been active in ABW affairs since 1944, and has been at Northwestern National since 1922, now holding the position of assistant cashier



The Tennessee Bankers Association's Annual Study Conference, co-sponsored with the state's banking department and the University of Tennessee, met for five days in Knoxville in mid-September. More than 125 Tennessee bank executives attended.

For four days in early September the Texas Bankers Conference met in Austin. This was the ninth such meeting for the Lone Star State's association.

For the near future, there are the conferences in Oklahoma and Illinois. The former will take place on the

campus of the University of Oklahoma, Norman, October 5-7. It is jointly sponsored by the Oklahoma Bankers Association and the university. A wide variety of bank subjects will be studied—from "The Petroleum Industry in Peace and War" to "Problems in the Management of Country Banks."

In Illinois, the themes for the Illinois Bankers Association-University of Illinois conference at Urbana, October 18 and 19, are "What's New In Agriculture?" and "What's New In Bank Management?" Each theme will receive a full day's attention.



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BANKING NEWS

"Fifty Years of Banking Education" Is Now Available

Culminates 5-Years of Research, Writing

Fifty Years of Banking Education, the history of the American Institute of Banking, is now available. Advance sample copies of the new history, *Fifty Years of Banking Education*, were put on display at the A.I.B.'s Golden Anniversary Convention in Minneapolis in June.

The history, which is the result of five years of research and writing, is the joint product of the late Richard W. Hill, for many years national secretary of the A.I.B.; and Miss Marion Turner, assistant to the educational director.

The writing of the history was the climax of the first half century of the A.I.B. It was designed to preserve the records of these 50 years in an interesting and highly readable style which would be read by people interested in this sort of review and serve equally well as a reference.

To those who have been active in the A.I.B. for any considerable period of time, the volume is rich with colorful reminiscences about the beginnings and growth of the Institute. Many familiar names will be found throughout the book.

Chapter Contents

The first section, comprising five chapters, is concerned with the actual mechanics of the formation of the Institute. The following two chapters take up the various aspects of Institute operations during the first year or two. The third section of the book is devoted to the steps leading up to the formation of the A.I.B. as a self-governing organization and its emergence from dependency upon the American Bankers Association for financial and executive help. The place of the national convention in the Institute program and the other activities of the pioneer chapters are covered in some detail.

Following this are several



Marion Turner

Christmas Club Systems Outlined In New Booklet

Reviews Interest and Service Charges

The Christmas Club method of saving originated with the Frugality Banks of Scotland in 1798 and took hold in the United States after the Civil War, according to *Christmas Clubs—An Outline of Their Development and a Description of Various Systems of Operation*, a new publication of the Savings and Mortgage Division of the A.B.A.

About 1905, a shoe factory in Carlisle, Pa., started a Christmas Club for its employees. The Carlisle Trust Company observed the club in operation at the factory, experimented with the plan, and became the first bank in the United States to operate a Christmas Club. By 1914, 3,605 banks had adopted the idea.

The new booklet includes forms illustrating procedures; reviews interest and service charges; and gives a tabular breakdown for the years 1941-1949 of estimated purposes for which the recipients used their Christmas Club savings.

Copies will be sent by the Savings and Mortgage Division upon request.

chapters on the advancement of the education program of the Institute. Then the history tells the story of the vast changes that took place in the A.I.B. during the

(CONTINUED ON PAGE 103)

Diamond Anniversary Convention to Be Reported in November; Several Changes

Since BANKING's publication date coincides with the American Bankers Association's Diamond Anniversary Convention in New York on September 24-27, the convention highlights will be reported in our November issue.

With two exceptions, the convention speakers were announced in September BANKING. George Sokolsky, noted newspaper columnist and radio commentator, and Dr. W. I. Myers, dean of New York State College of Agriculture, Cornell University,

Ithaca, New York, were announced after the last issue went to press.

Mr. Sokolsky spoke on "Face in the Orient" at the first general session on Tuesday, September 26, and Dr. Myers spoke on "What's Ahead for Agriculture and Farm Credit" at the agricultural breakfast on Tuesday.

Senator Harry F. Byrd, originally scheduled to speak at the meeting of the Savings and Mortgage Division, was compelled to withdraw because of the pressure of his Senatorial duties.

Next Western Trust Conference in Los Angeles, Oct. 18-20

Trust Men from 11 States Will Attend

The advance program for the 24th Western Regional Trust Conference of the Trust Division of the American Bankers Association to be held at the Biltmore Hotel in Los Angeles on October 18, 19, and 20 has been announced by Frank H. Schmidt, general chairman of the Conference Committee and president of the California Trust Company, Los Angeles.

The Conference will bring together trust men from Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The Southern California Trust Officers Association and the Los Angeles Clearing House Association will be hosts.

The practical aspects of trust management and administration are being given a prominent part in the three-day program. The entire fourth session on Friday morning will be devoted to a shop talk session on trust investments and problems of the trust business.

In arranging the program

for the conference, Thursday afternoon, Oct. 19, has been left open for entertainment and sightseeing planned by the local committee.

The advance program will include:

First Session

Wed. Oct. 18, 9:45 A.M.

Presiding, Frank H. Schmidt, president, California Trust Company, Los Angeles, general conference chairman.

Addresses: "Preservation of Trusteeship," by John W. Remington, vice-president and trust officer, Lincoln Rochester Trust Co., Rochester, New York, and past president A.B.A. Trust Division; and "The State of the Union," by James E. Shelton, president, Security-First National Bank of Los Angeles, and newly elected president of the A.B.A.

Second Session

Wednesday, Oct. 18, 2 P.M.

Presiding, William J. Fitzpatrick, trust officer, Walker Bank and Trust Co., Salt Lake City; "Real Estate as a Trust Investment, Its Acquisition, Management and Sale," by Louis J. Pfau, Jr., Colwell, Banker & Co., Los Angeles; and "What Trust Officers Do Not Know About Real Estate," by Melville B. Ogden, vice-president, Title Insurance & Trust Co., Los Angeles.

(CONTINUED ON PAGE 103)

Personnel-Faculty Meetings Will Be Held By A.I.B.

Further Study of Curriculum Planned

The national office of the American Institute of Banking will sponsor a series of nine personnel-faculty conferences and three personnel conferences during November and December in 12 key cities, according to J. Kaye Ewart, Institute president. Mr. Ewart is vice-president, National Bank of Washington, Tacoma.

These conferences will supplement a similar group of meetings held a year ago, which were attended by senior bank officers, chapter leaders, and faculty members, to determine the effectiveness of the Institute's curriculum. The result of these conferences was the announcement, at the Golden Anniversary Convention last spring, that three new Institute courses had been decided upon; namely, Business English and Letter Writing, Supervisory Management, and Orientation and Indoc-trination for new, untrained bank employees.

At the 1950 series of meetings, personnel men will be advised of the conclusions reached at the 1949 conferences and efforts will be made to ascertain what further steps should be taken by the Institute to offer additional courses for bank personnel to meet conditions that may arise due to the drafting of bank employees for military service.

Conference Program

The program for the personnel-faculty conferences will include: Discussion of personnel training and education by an outstanding bank personnel management officer in each area; Institute teaching techniques and problems; round table discussion of day's program; and an address by Leroy Lewis, national educational director of the Institute.

Cities in which the Personnel-Faculty Conferences will be held, with date of meeting: Washington, Nov. 3; Birmingham, Nov. 6; Fort Worth, Nov. 9; Los Angeles, Nov. 13; Tacoma, Nov. 20; Chicago, Nov. 27; Boston,

Credit Committee's Relief Act Analysis To Be Ready Soon

The Consumer Credit Committee of the American Bankers Association will soon publish a new revision of its 1943 "Analysis" of The Soldiers and Sailors Relief Act. The Act became effective in 1940; was extensively amended in 1942. It applies to anyone entering upon military service, whether a draftee, a reservist, or a volunteer—and to their dependents.

The Committee feels that the stepped-up mobilization makes the provision of this act a very important consideration for banks in their lending policies and procedures when dealing with persons of military age.

The new analysis is being made as nontechnical as possible.

655 Banks Now Sponsor A.B.A.'s First School Film

Six hundred and fifty-five banking groups are now sponsoring "Pay to the order of," the first film released in the school film program of the Public Relations Council of the American Bankers Association, according to *Applause*, a folder recently released by the Council.

In this new folder, the Council gives a breakdown of the film's sponsors, as follows: Individual banks, 383; cooperative groups, 92; clearing houses and other associations, 127; and A.I.B. chapters, 53.

Applause is devoted largely to an appraisal of the film by educators, students, and bankers.

Mailings

CONSUMER CREDIT: Letter on the reimposition of Regulation W. To entire A.B.A. membership, directed to installment credit lending officer; to official A.B.A. family; state secretaries.

Dec. 8; Philadelphia, Dec. 11; and Cleveland, Dec. 14.

The Personnel Conferences will be held in San Francisco, Nov. 16; St. Louis, Nov. 29; and New York, Dec. 6.



Carlisle R. Davis

A.B.A. School Saver Enters Fourth Year With Autumn Issue

School Savings Dates From 1834

School savings banking was born more than 100 years ago, according to a brief history of this type of thrift appearing in the autumn issue of the *School Saver*, published by the Advertising Department of the American Bankers Association.

"The first true school savings bank was opened in a small community school in Le Mans, France, on May 4, 1834," says the *Saver*. "... By 1839 the popularity of this system had so far outgrown the City of Le Mans that the president of the council of directors of the savings bank in Paris called attention to the outstanding accomplishments of the Le Mans bank and the school children.

"In 1882 school savings was sponsored in the United States by Sereno Taylor Merrill, a superintendent of schools in Wisconsin and the founder of the Beloit Savings Bank."

With the release of the fall issue of the *Saver*, this publication entered its fourth year. Over 100 banks in 24 states are now sponsoring the *Saver* and nearly 500,000 copies were distributed during the 1949-1950 fiscal year. It is issued in the fall, winter, and spring.

A questionnaire designed to check on bank experience with the distribution of the *School Saver*, particularly with respect to the reaction of school authorities and pupils, was sent recently to all banks which have circulated it in the schools in their communities.

Anniversary Reunion Attracts 1,100 G.S.B. Alumni and Students

Ayres Award Presented to Carlisle R. Davis

When 1,100 students and alumni of The Graduate School of Banking appeared for the 15th anniversary reunion dinner, they found the grand ballroom of The Waldorf-Astoria looking like The Commons at Rutgers University.

College banners had been hung, the customary station signs were in place, and the cow bell rang the signals. The big difference was in the appearance of the diners. At the Rutgers summer sessions the students wear neither coats nor ties; the Waldorf banquet was a "black tie" affair.

The reunion was held on September 23, the day prior to the opening of the American Bankers Association's 75th Anniversary Convention.

The program began in the afternoon in the Sert Room with an economics panel. Dr. Harold Stonier, executive manager of the A.B.A. and director of the G.S.B. was master of ceremonies at the dinner. The speaker was W. Randolph Burgess, chairman of the executive committee of The National City Bank of New York. Dr. Burgess is the annual Friday night seminar speaker at the school's summer sessions.

Eight members of the original 10-man faculty of the school were honored at the dinner meeting.

Ayres Award

A feature of the evening program was the first conferral of the Ayres Leadership Award, established by the board of regents in honor of the late Brigadier General Leonard P. Ayres, for 12 years the annual Friday economics seminar lecturer at the school. The award citation reads "to be conferred at appropriate times upon a present or former student of the school, who in the judgment of the faculty makes an outstanding contribution to banking and the national welfare of the type exemplified by General Ayres as student, banker and citizen." Presentation of the award was made by Dr. William A. Irwin, economist of the A.B.A. and (CONTINUED ON PAGE 103)

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St. Louis Host to Mid-Continent Trust Conference Nov. 9-10

Leaders in Business and Finance to Speak

The business outlook and the effect of new developments on the management and administration of trusts will be discussed at the 19th Mid-Continent Trust Conference to be held at the Statler Hotel, St. Louis, Nov. 9 and 10, according to Raymond H. Trott, newly elected president of the Trust Division of the American Bankers Association. Mr. Trott is president of the Rhode Island Hospital Trust Company, Providence.

The conference is being sponsored by the Trust Division, with the Corporate Fiduciaries Association of St. Louis acting as official host. It will bring together trust men from 19 midwestern states to hear addresses by leaders in business, finance, and education and to hold discussions on trust administration problems. Features of the conference will include an informal dinner on Friday, Nov. 10.

The tentative program for the conference follows:

First Session

Thursday, Nov. 9, 10 A.M.

Presiding, Joseph W. White, vice-president, Trust Division, A.B.A., and vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis, general conference chairman.

St. Louis Conference guests: W. L. Hemingway, chairman of the board, Mercantile-Commerce Bank and Trust Co., and past president, A.B.A.; Tom K. Smith, chairman of the board, The Boatmen's National Bank, and past president, A.B.A.; Judge Thomas C. Hennings, past president, Trust Division, A.B.A.; and Isaac T. Orr, one of the founders, A.B.A. Trust Division and of Corporated Fiduciaries Association of St. Louis.

Addresses: "The Place of the Trust Department in Our Industrial Economy," by Raymond H. Trott, newly elected president, A.B.A. Trust Division, Providence, R. I.; "Are Times Out of Joint?" by Thomas H. Beacom, vice-president, First National



George E. Sokolsky
Convention Speaker
Story on page 98

Bank, Chicago; address by William H. Winfield, assistant to the president, Monsanto Chemical Co., St. Louis; and "The State of the Union," by James E. Shelton, newly elected president of the A.B.A., and president, Security-First National Bank of Los Angeles.

Second Session

Thursday, Nov. 9, 2 P.M.

Presiding, George F. Karch, chairman, trust committee, Ohio Bankers Association, and vice-president, The Cleveland Trust Co.

Addresses: "Cost Accounting Is a 'Must,'" by William J. Weig, second vice-president, Guaranty Trust Co., New York; "When the Trust Examiners Come," by Robert C. Masters, examiner, Division of Examinations, Board of Governors, Federal Reserve System, Washington; and "Marital Deduction Provisions of Wills and Trusts," by A. James Casner, professor of law, Harvard University.

Third Session

Friday, Nov. 10, 9:15 A.M.

Presiding, Howell W. Kitchell, president, Corporate Fiduciaries Association of Chicago, and vice-president, Continental Illinois National Bank and Trust Co., Chicago.

Addresses: "Selling Trust Service Through the Estate Planning Approach," by A. M. McNickle, vice-president, Fidelity Trust Co., Pittsburgh; "Let's Face the Facts," by Mark A. Brown, president, Harris Trust and Savings Bank, Chicago; and "The American Balance Sheet," by Dr. George Stuart Benson, president, Harding College, Searcy, Ark.

Fourth Session

Friday, Nov. 10, 2 P.M.

Presiding, Charles W.

A.I.B. Membership, Enrolment Hit All- Time High in 1950

A record class enrolment of 50,032 was achieved by the American Institute of Banking before the end of its 1949-50 school year, thus surpassing its Fiftieth Anniversary goal of 50,000 enrolments. Although the membership goal of 100,000 was not attained, the A.I.B. membership did hit the highest point in Institute history—95,277.

The latest membership and enrolment figures show an increase of 5,559 members and 4,720 enrolments over the July 31, 1949 figures. During the same one-year period, nine new A.I.B. chapters were formed, bringing the total number of chapters to 258. In addition, the Institute has 161 study groups.

Guide to Personal Loans Operations Nearly Complete

A *Bank Manual on Personal Loans*, a revision of a 1941 booklet of this same title, has been prepared by the Consumer Credit Committee of the A.B.A. and will be available within a few weeks. It presents to banks generally some of the methods used by the more successful banks operating in this field.

This manual represents an effort to offer banks a basic guide to the operation of a personal loan department. A number of forms which are used for personal instalment cash loans are illustrated.

Copies may be obtained by writing to the Consumer Credit Committee.

Hamilton, chairman, trust section, Texas Bankers Association, and vice-president and trust officer, The National Bank of Commerce, Houston.

Addresses: "The Place of Common Stocks in Trust Investments," by R. F. Murray, vice-president, Bankers Trust Co., New York; and "Troublesome Questions in Trust Departments," a panel discussion. Gilbert T. Stephenson, director, Trust Research Department, The Graduate School of Banking, leader.

Increase in School Savings Deposits, Depositors, Banks

\$55-million Balance Ahead of 1929 High

School savings banking has just concluded one of the most successful years in its history, according to Ralph W. Matteson, chairman, Committee on School Savings Banking, A.B.A. Savings and Mortgage Division.

Basing his views on a recent survey made by the Committee, Mr. Matteson said that "while there was an increase of only 27 in the number of school savings depositories during the past year, bringing the total to 427, the number of schools served by these banks climbed from 4,500 to nearly 7,200."

"This very encouraging growth," said Mr. Matteson, "in the coverage of school savings resulted in a corresponding increase of 400,000 pupil depositors."

Substantial gains were also reported in the amount deposited and in the bank balance of school savings accounts, the survey revealed. The present bank balance of \$55-million exceeds the previous all-time high balance of \$50-million reached in 1929, even though the number of depositories, schools, and depositors now served is about one-half that of 1929.

NEW MEMBERS

Nine banks in five states and Puerto Rico became members of the American Bankers Ass'n in August.

The new members are: ARIZONA: Farmers & Stockmens Bank, Phoenix.*

IDAHO: Idaho First National Bank, Fourth Street Branch, Coeur d'Alene.*

KENTUCKY: Citizens Deposit Bank of Arlington, Arlington; Farmers & Traders Bank, Mt. Olivet; and Deposit Bank of Monroe County, Tompkinsville.

OREGON: Portland Trust & Savings Banks, Pittock Br.*

PENNSYLVANIA: Citizens & Southern Bank & Trust Company, Philadelphia, and First National Bank, Stewartstown.

PUERTO RICO: Banco Progreso Financiero, San Juan.

*Newly organized institutions.

Los Angeles Trust Meeting, Oct. 18-20

(CONTINUED FROM PAGE 98)

Third Session

Thursday, Oct. 19, 9:30 A.M.

Presiding, Robert E. Lewis, vice-president and trust officer, Pacific National Bank, Seattle.

Addresses: "Economic Tendencies and Personal Investment Policies," by Dr. Neil H. Jacoby dean of the College of Business Administration, University of California, Los Angeles; "Tax Pitfalls in Estate Planning," Dana Latham, president, Los Angeles Bar Association, Los Angeles; and "Trust Personnel Administration," by William Powers, A.B.A. deputy manager and director of Customer and Personnel Relations.

Fourth Session

Friday, Oct. 20, 9:30 A.M.

Shop talk session on "Trust Investments and Problems of the Trust Business," with H. M. Bardt, vice-president and trust officer, Bank of America, San Francisco, as leader.

Fifth Session

Friday, Oct. 20, 2 P.M.

Presiding, Maurice James, vice-president and trust officer, The First National Trust and Savings Bank, San Diego.

Addresses: "If Every Wife Knew What a Widow Learns," by Honorable Newcomb Condee, Judge of the Superior Court, Los Angeles County; address by Hedda Hopper, nationally syndicated



Joseph M. Dodge

50-Year History

(CONTINUED FROM PAGE 98)

Twenties — the complete re-vamping of the administrative set-up and the expansion and integration of the educational program.

The final section of the book takes up the various aspects of the Institute today and discusses each through its entire history. Included are the debate and public speaking programs, the national committees, the forum and seminar program, the Institute during World War II, and the emergence of the modern A.I.B.

The closing 106 pages of *Fifty Years of Banking Education* are devoted to biographical sketches of two men who made tremendous contributions to the Institute's growth, and to several appendices.

columnist and radio commentator, Los Angeles; and "Wills, Estates, and Trusts," by LeRoy B. Staver, trust officer, United States National Bank, Portland.

Two Bankers Receive Army's Citation for Exceptional Service

Joseph M. Dodge and W. J. Logan Honored

Joseph M. Dodge, president of The Detroit Bank, and a former president of the American Bankers Association, has received the U. S. Army's Decoration for Exceptional Civilian Service.

The award was made shortly before Mr. Dodge sailed for Japan on Sept. 21, where he has gone, at the request of General Douglas MacArthur, to lend further assistance in the industrial rehabilitation of Japan.

Mr. Dodge served in Japan from Feb. 1, 1949 to Apr. 24, 1950, as financial advisor to the Supreme Commander for the Allied Powers, and from Aug. 22, 1949 to Apr. 24, 1950, as fiscal advisor to the Under Secretary of the Army.

Unparalleled Record

"The magnitude of his financial knowledge," states the citation, "and the unlimited scope of his initiative made possible a program in Japan of economic stabilization unparalleled in modern history, thereby reflecting great credit to the United States Government."

William John Logan, former senior vice-president of the Central Hanover Bank and Trust Co., New York, also received the Army's Exceptional Civilian Service Award. He was cited for lay-

G.S.B. Anniversary Reunion in New York

(CONTINUED FROM PAGE 99)

associate director of The Graduate School. The recipient: Carlisle R. Davis, vice-president, State Planters Bank and Trust Co., Richmond, a member of the first graduating class in 1937.

The dinner session wound up with the showing of a colored movie made at the 1950 summer session at Rutgers, showing arrival on the campus of the bank-officer students from all over the country, campus shots showing the students going to classes, recreational activities, meal-time pictures from The Commons, and ending, appropriately, with the commencement exercises.

ing the foundation for export programs in Germany and Japan which "sharply reduced their requirements for American assistance and materially increased their capacities for self-support."

European Service

From Aug. 1945 to July 1946, Mr. Dodge served as financial advisor to General Lucius D. Clay, U. S. Military Governor in Berlin, and also director of OMG's finance division in the German capital.

In 1947, following his service, with the rank of minister, as head of the U. S. Delegation to the Austrian Treaty Commission in Vienna, Mr. Dodge was named deputy to Secretary of State George C. Marshall and attended the Council of Foreign Ministers in London.

CALENDAR

American Bankers Association

- Oct. 18-20 24th Western Regional Trust Conference, Los Angeles Biltmore, Los Angeles, Calif.
- Nov. 9-10 19th Mid-Continent Trust Conference, Statler Hotel, St. Louis, Mo.

State Associations

- Oct. 4-6 New York Savings Banks, Lake Placid Club, Lake Placid
- Oct. 9-11 West Virginia Study Conference, Jackson's Mill, West Virginia
- Oct. 11-12 Nebraska, Paxton Hotel, Omaha.
- Oct. 15-17 Kentucky, Brown Hotel, Louisville
- Oct. 16-17 Connecticut Savings Banks, Mountain View House, Whitefield, N. H.

- Oct. 18-19 Illinois Bankers Conference, University of Illinois, Urbana
- Oct. 22-25 Iowa, Des Moines
- Nov. 9-11 Arizona, Arizona Biltmore Hotel, Phoenix

Other Organizations

- Oct. 16-17 National Conference, Commercial Receivable Companies, Inc., Waldorf-Astoria, New York
- Oct. 22-25 Consumer Bankers Association, Westchester Country Club, Rye, N. Y.
- Oct. 23-26 National Association of Bank Auditors and Comptrollers, Ann. Conv., Kansas City
- Nov. 5-8 Robert Morris Associates, The Greenbrier, White Sulphur Springs, West Va.
- Nov. 17-18 Western Secretaries Conf., Sun Valley, Ida.
- Dec. 3-5 Southern Secretaries Conference, Charleston, S. C.

GUARD AGAINST HOLDUPS — with **MIRROPANE**



IT'S A MIRROR!...



IT'S A WINDOW!...



Here's a practical, up-to-the-minute idea for banks, post offices, cashiers' booths, stores—wherever added protection against holdups, shoplifting or pilfering is wanted. The switchboard operator in this savings and loan office functions as an unobserved overseer of the whole business floor—hidden behind *Mirropane**.

From the side having the strongest illumination, *Mirropane* looks like an ordinary mirror. From the other side, *Mirropane* is transparent.

The idea of a partition, or a window, glazed with this exciting product opens up important new possibilities for better supervision and better protection. For more information, write Liberty Mirror Division, Libbey-Owens-Ford Glass Company, 10485 Nicholas Building, Toledo 3, Ohio.

®

MIRROPANE

TRANSPARENT MIRROR • PRODUCT OF LIBERTY MIRROR DIVISION
LIBBEY • OWENS • FORD GLASS COMPANY



It's An Old and Sacred Custom

(CONTINUED FROM PAGE 39)

priced the stock, not in decimals, dollars and cents, but in fractions: dollars and halves, quarters and eighths. And apparently just because they did it that way in England. And in all the years since then the New York Stock Exchange has continued that fractional system. So now, in addition to precedent, we have another reason: We ourselves have used the fractions so long it has become a habit—a custom, a tradition. And tradition, to many people, is far more important than efficiency.

Well, if the Stock Exchange like to play with halves, quarters and eighths in trading stocks, all right. Anybody in his right mind can translate a half into 50 cents, a quarter into 25 cents, three-quarters into 75 cents, seven-eighths into 87½ cents. It does seem useless, but if they want to do it that way a man doesn't need to be a mathematical genius to keep up with 'em that far.

But here's the rub!

They carried over the fractional system in trading in United States Government bonds. Here however, the variations in price are smaller, and they had to reduce the fractions to get a wider "spread." So they trade Government bonds in thirty-seconds, and sixty-fourths, and occasionally in one hundred and twenty-eighths.

Headache Compounded

Now then. Some eight or 10 dealers in New York publish daily price lists of Government bonds and send them to banks all over the country. Until the past year or so the lists were published in figures that looked like decimals, as "101.29." Any one not in on the system would naturally think this meant one hundred and one dollars and twenty-nine cents for each one hundred dollars of par value. But no. At the bottom of the list they printed a warning, more or less like this: "Be careful. The figures that look like cents in the column above are not cents, but thirty-seconds of a dollar."

The *New York Times*, at the end of its list of Government bond prices, says: "Quotations after decimal point represent 32nds of a point." That, of course, is an innocent error in expression. If the figures that look like decimals are not decimals, then the dot that looks like a decimal point is not a decimal point; it's just a dot.

The *Wall Street Journal* puts its warning this way: "Fractions represent 32nd; 101.1 means 101½."

Lately some dealers have been using a hyphen or something instead of the "decimal point." In any case the figures are fractions.

Just Common Cents

The real *point* is that all of these explanations and warnings and conversions would be completely eliminated—and the need for them—if the lists were printed in cents in the first place—if the things that look like decimals *were* decimals.

But, some one may say, cents are only two decimals, while the conversion tables for 32nds run out five or six places and are thus more accurate than cents. Of

course it is true that, in translating 32nds, a five-place decimal is more exact than a two-place decimal. But that is only a part of the story.

For some curious reason every one seems to overlook the fact that a far wider "spread" would be provided by the use of cents instead of 32nds, for the perfectly simple reason that there are three times as many cents as 32nd in a dollar. And if we use the third decimal, there are 15 times as many mills as 64ths in a dollar. Within one sixty-fourth we have this:

Fractions	Conversion	Cents and Mills
29/32	.90625	.907
		.908
		.909
		.910
		.911
		.912
		.913
		.914
29/32 1/128	.9140625	.915
		.916
		.917
		.918
		.919
		.920
		.921
29/32 1/64	.921875	

So there we are. Between 29/32 and 29/32 plus, we would have a choice of 15 figures, and these of only three decimals each. It is perfectly obvious then that pricing in cents (only two decimal places) is three times as accurate as pricing in 32nds. And the chances are 15 to 1 that pricing in mills (three decimal places) will give a value nearer to exact accuracy than pricing in 64ths, no matter how many decimal places there are in the conversion figures for the 64ths.

So much for the argument for trading Government bonds in decimals in the first place.

Naturally the bankers over the country can't carry in their heads the values in cents—four or five decimals—of all the 32nds. So each bank man that had to do with Government bonds kept on his desk a conversion table—perhaps printed on a celluloid ruler given him by a stationery salesman—showing cents values, to five decimal places, of 1/32, 2/32, and so on to 31/32.

Here's How It Works

So, in actual practice, the procedure is like this:

I go to a banker friend and ask him the value of a certain U. S. bond. He picks up today's list from some dealer in New York and finds this bond listed at *101.29 plus*. And he consults the conversion table at the bottom of the sheet and, with a pencil or an adding machine or something, puts down these figures:

101.000000 for dollars (That much is easy.)
 .906250 for 29/32
 .015625 for 1/64

101.921875

He adds it up and has the answer: "A thousand dollar bond will cost you \$1,019.22."

All this brings up the question: Why in this year



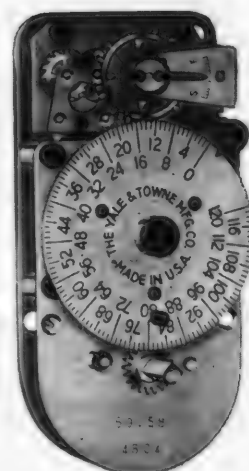
How to take this load off your mind!

There's no need to worry whether your vault's secure on weekends.

Just install YALE 120-Hour Time Lock Movements.

With 120-hour winding capacity, you're sure your depositors' funds are safe...and you're free to relax completely, even on three-day weekends, without coming in to reset the time lock.

Your peace of mind is well worth the ordering of YALE 120-Hour Time Lock Movements. We'll be happy to deliver and install them at once.



THE YALE & TOWNE
 MANUFACTURING COMPANY.
 Bank Lock Department
 STAMFORD, CONN., U. S. A.

of grace 1950, when people are striving for efficiency in every other line, do those dealers in New York insist on slowing up the traffic by printing their bond lists in fractions instead of decimals? The few men in those eight or 10 offices who make up the daily lists for the printers doubtless carry in their own heads the conversion table for all of the 32nds. Certainly they could make up the lists in decimals as easily as in fractions. Instead, they simply throw away the time of thousands of bankers and others all over the country by making *them* translate the figures for *every* transaction in Government bonds.

It is a fact, strange but true, that most bankers are so intent on the day's work that "they follow in the beaten track, and out and in, and forth and back" without ever realizing themselves that quite unnecessarily they are made to waste minutes every time they figure the value of a Government bond.

And doubtless there are some who, though feeling subconsciously that something is wrong, nevertheless assume that the dealers and the Stock Exchange in New York must have some logically compelling reason for this present system.

This paper then is an earnest and urgent suggestion that the authorities of the Federal Reserve System and banking leaders use every necessary means to persuade the bond dealers and the Stock Exchange to publish their daily lists in decimals or, better still, to do all of their Government bond trading in cents and mills in the first place, instead of in 32nds and 64ths.

If not, why not?

It isn't keeping up with the Joneses that's so bad. It's trying to pass them on the highway.

There are hundreds of languages in the world, but the dollar speaks them all.

Nothing does a job of face lifting better than a reduction in the income tax.

Somebody says we have too much gold. What do you mean we?

People who hope they are not bothering you, usually are.

Nothing tests an automobile driver's judgment like a railroad crossing.

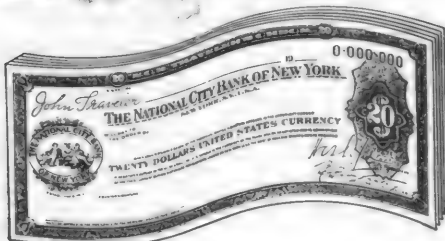
The trouble with an inferiority complex is that the wrong people have it.

No one talks with the authority of a woman on a two-party line.

Death and taxes are inevitable, but taxes keep repeating.

Equality means you are as good as anyone else, and maybe a little better.

After you pay your income tax all you have left is your experience.



"NO ONE WOULD ACCEPT MY PERSONAL CHECK, JANE"

"WHY DIDN'T YOU CARRY

**NATIONAL CITY BANK
TRAVELERS CHECKS?"**

"I learned long ago that away from home, personal checks are not generally accepted . . . but NCB Travelers Checks are welcomed, just like cash!"

* * *

Your bank can do a great service to your clients who are planning business or pleasure trips by selling them safe, spendable NCB Travelers Checks. If the checks are lost or stolen, your clients get a refund in full.

You not only make friends when you sell NCB Travelers Checks, but at the same time you earn the entire commission, 75¢ on each \$100 worth sold.

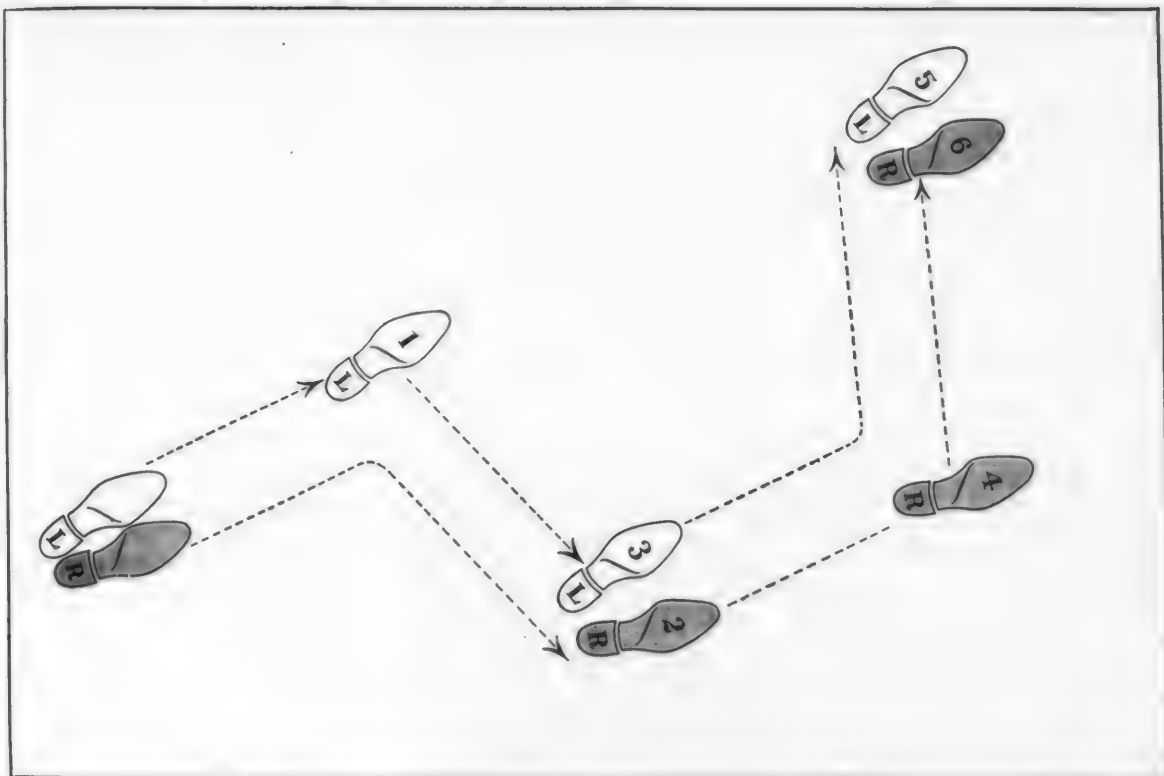
THE NATIONAL CITY BANK OF NEW YORK

First in World Wide Banking

Head Office: 55 Wall Street, New York 15, N. Y.

52 Overseas Branches • Correspondent Banks Everywhere

Member Federal Deposit Insurance Corporation



It only takes a few minutes to learn
the right steps!



DANCING IS EASY—once you learn what steps to take.

The same holds true for saving money for the future.

It will take approximately two minutes to find out how you can invest in either one of the two *automatic* plans offered by U. S. Savings Bonds.

Inquire at your place of business about the Payroll Savings Plan. Learn how easy, convenient, and *painless* it is to put aside savings for Bonds right from your paycheck.

Or, if you have a checking account, ask at your bank. They'll explain all about the Bond-A-Month Plan, in which you use your checking account as a means for investing in U. S. Savings Bonds.

Both plans are simple, and call for no effort on your part. Both plans add up to the same thing—money to live on in the future.

So start finding out about them. Remember, it only takes two minutes today to learn how you can make your tomorrow a lot more carefree!

Automatic saving is sure saving—U.S. Savings Bonds



Contributed by this magazine in co-operation with the Magazine Publishers of America as a public service.

World Business

(CONTINUED FROM PAGE 55)

bank loan to Mexico for communications, power, and other purposes—not oil—and Congressmen say it is the equivalent of a loan to PEMEX since it allows Mexico to use that much other funds for PEMEX. The \$150-million loan, it is believed, was dictated by the White House.

URUGUAY AND WORLD BANK

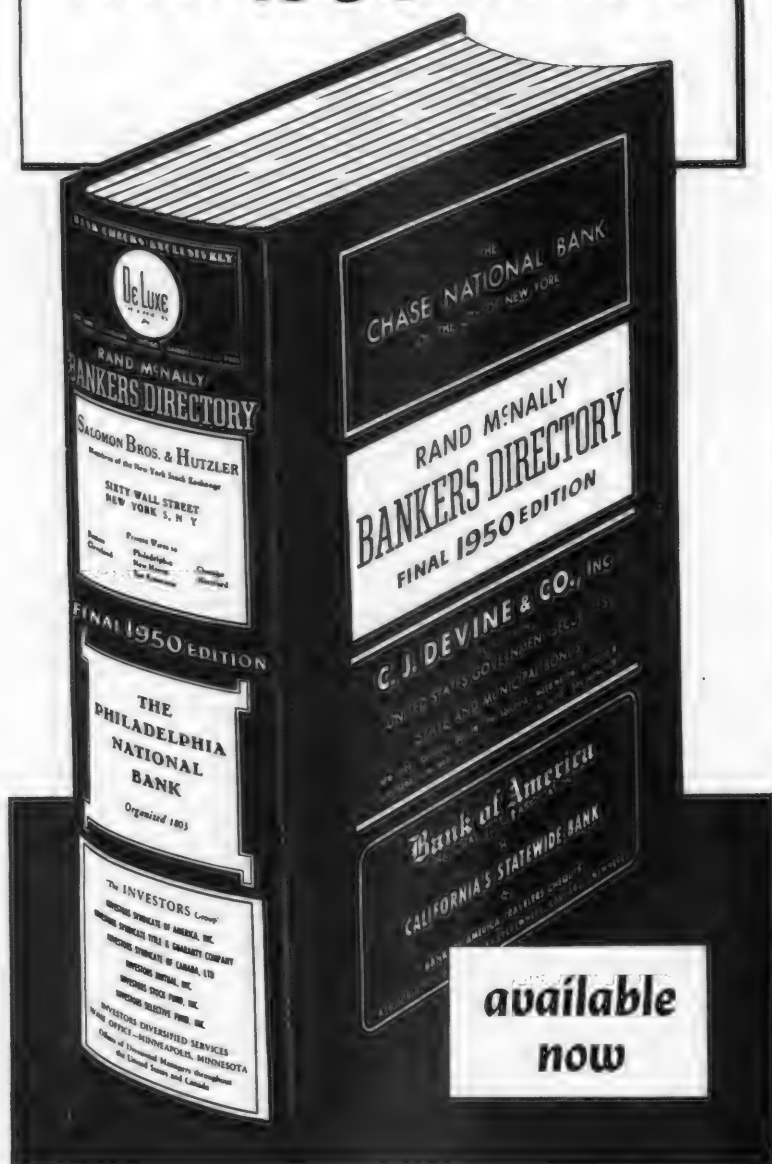
The impasse between the World

Bank and Uruguay, during the negotiations of the \$33-million government-guaranteed loan to the state electric and telephone administration, for a time threatened to cause abandonment of the project. The difficulty was Uruguay's unwillingness to accept the "negative pledge," which the Bank has put in all loan contracts, except the first one, with France. Uruguay felt that it would be unconstitutional for the government to agree to the clause, if it covered all government-owned corporations and agencies, some of which, in the course of their normal

business, might pledge specific assets.

The impasse was solved by the bank's amending its usual clause to provide that, in general, if any charge shall be created on any property, assets or revenues of Uruguay or its central bank as security for the payment of any external debt, an equivalent charge satisfactory to the World Bank will be accepted by the latter. It would never be the bank's policy, Uruguay has been informed, to declare a member in default merely because of an insubstantial and inadvertent infringement of the negative pledge clause.

FINAL 1950 EDITION



available
now

WACHT AM RHEIN

At this writing the West seems about ready to allow the West Germans to have an army and almost complete sovereignty. A revived German Foreign Office and a formula ending the state of war are reported as "in the works." U. S. High Commissioner McCloy said that the West Germans "ought to be enabled, if they want, to defend their own country." And who wouldn't want that? "If that sounds like rearmament, then it's rearmament," McCloy adds . . . The American High Commission reports an increase since 1947 in the number of Germans who think that Naziism was "a good idea, badly carried out." The first ex-Nazi party member to become minister-president of a West German state since the war was elected by the Schleswig-Holstein parliament in September . . . The first postwar German consulate in New York was opened in September . . . The Ruhr is booming with coal and steel orders from re-arming countries on both sides of the Iron Curtain.

BELGRADE. The World Bank's dinar problem is solved. Yugoslavia has agreed in principle, subject to consultation in each case, to the Bank's using the 18 percent of Yugoslavia's capital subscription which is in the form of local currency.

JOHANNESBURG. Ex-Finance Secretary J. E. Holloway is quoted as saying that Americans "by salt- ing away vast reserves of gold . . . can assure to themselves the leadership of the Western World for many more years to come. That is . . . why they want and must have as much gold as they can possibly get on the cheap."

WASHINGTON. Asked for comment on the South African allegation that the U. S. is trying to buy gold cheap, an official observed that the U. S. is currently selling gold "on the cheap." During the year following September 1949 the U. S. sold about \$1-billion of gold at that "too low" price of \$35 an ounce.

SINGAPORE. With rubber prices the highest in a quarter century, world production has set a new record this summer. Frantic speculation and belated U. S. stockpiling are behind the price rise.

MEXICO CITY. American capital is reported taking refuge in Mexico. With repatriation of Mexican money, tourist spending, etc., the inflow of dollars has been extraordinary.

LONDON. Commonwealth experts met in September to draw up a six-year aid-Asia program. Once Asia's "gap" has been measured, American dollar and technical help will be sought.

OTTAWA. Canada sharply reduces import controls on U. S. goods October 1, thanks to its better dollar reserves. Many items banned since early 1948 may now move into Canada without restriction. The U. S. therefore correspondingly lifts its embargos on imports of Canadian pork products. On September 1, the U. S. tightened its export controls on cattle hides and certain electrical products to destinations other than Canada.

KARACHI. The Pakistan Government has laid out the welcome mat for American organizations skilled in oil development. Some small concessions already have been granted to British and other interests, but

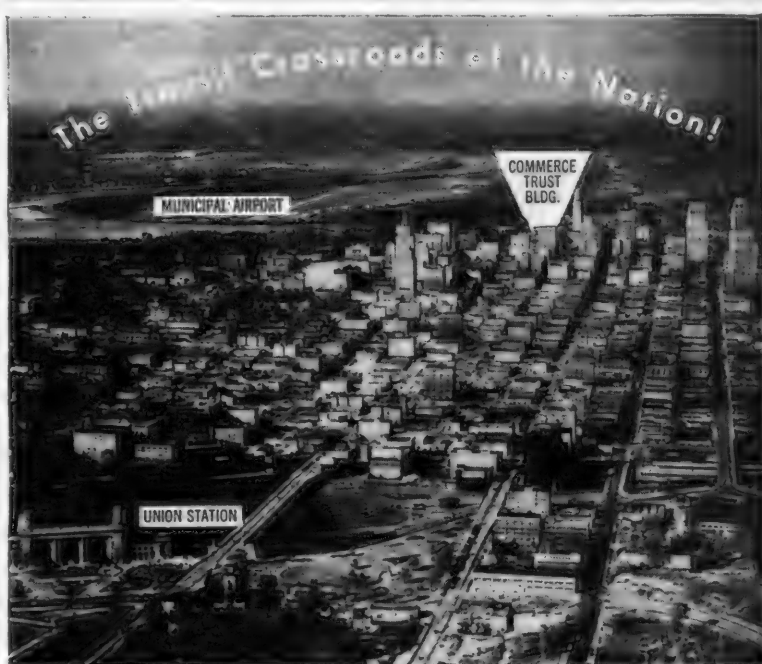
the untapped possibilities are described by the Government as large.

LONDON. Britain has lifted virtually all restrictions on the transfer within the sterling area of sterling securities and blocked sterling owned by nonresidents.

WASHINGTON. Aluminum is becoming a political issue. Opposing plans to stockpile imported aluminum, Representative Flood of Pennsylvania has advised his colleagues that the Kaiser and Reynolds companies are ready to discuss with the Government any proposal to expand domestic aluminum pro-

duction. Both companies are listed to testify on the aluminum duty during the hearings preparatory to the Torquay tariff negotiations.

TORQUAY. The tariff negotiations beginning September 28 are regarded by the U. S. as more important than ever. Opposition was strong enough to cause the State Department to list the reasons why they should not be postponed. Imports are more important to the U. S. than ever, the Department holds, for their anti-inflationary effects, benefits to dollar-short nations, and free trade in general.



(Above) Air view of the business district of Kansas City showing the Union Station and the Municipal Airport—both only five minutes from the Commerce Trust Company.

"Boy! . . . we really lived last month, didn't we?"



Use Commerce Trust . . . Kansas City's Oldest and Largest Bank

● From north, east, south and west the transit business of the banks of the Nation flows to and through Kansas City, the Heart of America. Every hour of the day and night the Commerce Transit Department is on the job . . . speeding the business of banks in every section of the country . . . saving from one to three days on many items. This efficient service is at your command.

Commerce Trust Company

Capital Funds Exceed 24 Million Dollars
KANSAS CITY'S LARGEST BANK
Established 1865

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

Wire System to Link 188 Banks in 54 Cities

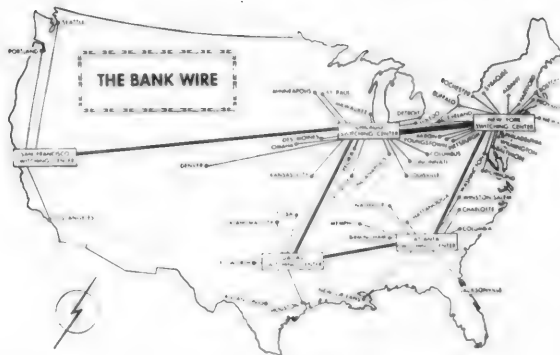
A NEW nationwide private wire system connecting 188 banks in 54 important cities of the United States was announced recently. Planned and sponsored by a group of New York and Chicago banks in cooperation with banks throughout the country, the system will be known as "The Bank Wire" and will be the largest and most modern communication system of its kind in the world.

Engineered and developed by the Western Union Telegraph Company, the "bank wire" will open November 1 with connections to 142 banks in 36 cities. The remaining 46 banks in 18 cities will be cut into the system on December 4.

The system will not be restricted to 54 cities, but wherever warranted, expansion and extension will take place as equipment is obtainable.

"In process of construction for the past 18 months, the new system will provide direct, fast and confidential communications between any banks on the wire. Ranging from high speed teleprinters and selectors in the individual banks to automatic transmitters, tape perforators, numbering machines and push-button switching panels in the switching centers, the equipment has been de-

The map shows
The Bank Wire
communicating
system



signed and engineered for one prime purpose—to transmit messages from one bank to another speedily, accurately and in confidence.

"Each bank in the nationwide network will be equipped with a compact teleprinter, for which the only skill required is the ability to type. An outgoing message flows at typing speed to one of the five switching centers, located in San Francisco, Dallas, Chicago, Atlanta and New York, where it is relayed by push-button switching to the bank of destination. There it arrives printed exactly as typed at the point of origin and ready for delivery to the proper officer or depart-

ment. From start to finish there is no manual relaying.

"In order to insure the confidential nature of communications on the wire, arrangements have been made with Western Union to operate and maintain the switching centers entirely with Western Union employees.

Uses include money transfers on a bank-to-bank basis or for the account of third parties; security purchases, sales and quotations; credit inquiries and information; foreign exchange, letter of credit and other foreign business; reports of payment or non-payment on collection and cash items, etc.

World Bank Gives Story of Its Loans

THE International Bank for Reconstruction and Development, usually referred to as the World Bank, has made loan commitments of \$832,845,000 to 15 countries. To tell the story of its activities, it has published *Loans at Work*. This booklet tells, principally through pictures, where the money has gone and to what uses it has been put.

EUGENE R. BLACK, the Bank's president, explains in a foreword:

"The Bank is owned and managed by its 48 member countries, all of which have subscribed to its capital stock. Under the Articles of Agreement, only a relatively small part of the subscribed capital can be made available for loans—80 percent is

in the nature of a guarantee fund. The Bank is dependent on the sale of its own bonds to private investors for a substantial part of its loanable funds. It is, therefore, more

than a partnership of governments, for through it not only nations but individuals as well can share in the job of world rehabilitation and development."

What Executives Can Do About an A-Bomb Blast

The August issue of *Management Record*, publication of The National Industrial Conference Board, New York, contains an executive planning report on "If the A-Bomb Drops."

This exhaustive survey is based primarily on training lectures and publications of the Atomic Energy Commission, especially the handbook, "The Effects of Atomic Weapons."

The article discusses the action of the bomb, its effects, protective measures to be taken in various

kinds of structures, protection against burns and fire and radiation, chart of air blast effects, information on the destructive potential of the bomb, etc.

The Conference Board takes the stand that executives should want this information "because, as the recognized leaders in their companies, their employees have the right to expect life-saving guidance in case of an atomic burst. Just as in the case of the fire that may never be ignited, they must be prepared for the worst."

Thinking About Television

(CONTINUED FROM PAGE 35)

Syracuse	Onondaga County Savings Bank	3A	WHEN
Syracuse	Syracuse Trust Company	1S	WHEN
Toledo	Commerce National Bank	1S	WSPD-TV
Toledo	Lucas County Bank	1A	WSPD-TV
Utica	Savings Bank of Utica	2A	WKTV
Wilmington	Equitable Trust Company	7S	WDEL-TV
Wilmington	Equitable Trust Company	1A	WDEL-TV

Shortly after the Corn Exchange show appeared on television, the bank realized that it had a valuable public relations tool with which to build good will among business and industrial acquaintances. This has been developed consistently by inviting business leaders to appear on the show and talk about their businesses and products. Civic leaders also were among the guests.

We also pioneered among banks in the presentation of "live" commercials. By this technique it has been able to bring to the audience each week a different dramatization, which lends credibility to the subject. The commercial is dramatized usually with a man and woman and one or two announcers and the cost is low compared to the cost of film. Several national advertisers have now given up film commercials and are following this technique. During the life of the show we have had bank employees tell the story of their service departments, with money counting machines, bookkeeping machines and other interesting equipment helping to accent the commercial. All of the bank services are advertised during the year, coinciding with the campaign planned for all media.

Response to Booklet Offer

In the interests of securing audience reaction to the show "Open House," the bank offered a booklet, *1001 Thoughts to Remember*, to the television audience without cost, after the show had appeared for six months. The offer brought over 1,072 responses. A letter and questionnaire were mailed to everyone with his booklet, and 130, or 12 percent, of the questionnaires were returned. These returns showed some interesting facts. Forty-one percent came from within the Philadelphia city limits, 54 percent from the suburbs and 4 percent from other areas. Only 19.3 percent had family incomes under \$3,000; 71.6 percent had incomes of \$3,000 and over; 25.4 percent had incomes of \$5,000 and over; 54.6 percent were from 30-49 years of age. The average "Open House" audience per set was 4.03 persons, substantiating the station's claim that three to seven people are usually watching when the set is turned on. Of those who replied 93 percent were regular viewers and three quarters of them thought the program was good, one quarter that it was superior. Twice has the bank received recognition for program excellence. In October 1949, the Art Directors Club of Philadelphia presented a special award to the bank "for producing the most outstanding television program originating in the Philadelphia area." Again in June of this year, an "Award of Excellence" was presented by *TV Digest* for "consistent program excellence" resulting from a popularity poll conducted by the magazine.

Space does not permit a complete list of air, screen, and stage personalities who have appeared on the show, together with business and civic leaders, novelty

interviews and specialty acts that have combined to produce a show comparable to "We the People." Dozens of letters in the bank files testify to the effectiveness of the program, and one reads such comments as this: "I thought you would like to know that I received 463 calls, letters, and comments following my appearance on your show." . . . "Your good neighbor policy is one which is greatly needed at this time of worldwide misunderstanding." . . . "Regarding the 'overseas' job openings telecast on your show recently, 127 persons were interviewed and 95 accepted—all as a result of your show."

PARTIAL LIST OF GUESTS ON "OPEN HOUSE"

October 1948 to September 1950

Revelle W. Brown, president, Reading Railroad (on Community Chest).
Admiral Kaufman, History of Navy Day.
Howard E. Reed, Pennsylvania State Director, Treasury Department (Bond drive).
Lucille Manners, internationally known singer.
Lee Boardman, from Philadelphia office of FBI.
John Robert Powers, "The Model Man."
Edward Everett Horton, famous actor, stage and screen.
Roger Conant, curator, Philadelphia Zoo.
Irving Fields, composer, hit songs.
Cab Calloway, bandleader.
Dr. Beryl E. Arbuckle, authority on cerebral palsy.
Eddie Waitkus, "Phillies" ballplayer.
Vaughn Monroe, bandleader and singer.
Tommy Dorsey, bandleader.
Howard Klein, famous hypnotist.
Xavier Cugat, bandleader.
Norris C. Bakke, Associate General Counsel, FDIC.
Richard Dyer-Bennett, the American Minstrel.
Leland Hayward, producer.
Drs. Hollendar and Lansbury, with the story of cortisone.
Eddie Cantor and Ellis Gimbel, with story of "The City of Hope."
Shipstad & Johnson, from the "Ice Follies."
Commander Worthington, of the submarine *Tusk*.
Gen. Geo. C. Marshall, former Secretary of State, in capacity as National Chairman of the American Red Cross.
"Jersey Joe" Walcott, fighter.
Lloyd Nolan, stage and screen star.

It is difficult to measure accurately any kind of advertising, since direct mention is negligible in comparison to the number of people exposed to an advertisement. We are able, however, to measure television against other media and are persuaded that the medium pays off not only in goodwill but in actual sizable accounts, attributable directly to the program. The intangible public relations value is difficult to estimate, but in a recent campaign, "Phone for a Loan," during which the bank used all the usual media and checked the sources of new business, the TV program pulled 3 to 1. Comments from the public regarding newspaper advertising are negligible compared to comments about the show. People want to talk about it!

The effectiveness of television as an advertising medium has been shown so conclusively that banks would be well advised to take into account the effect of this medium upon the business of customers competing with firms that include television in their advertising budgets. The banks' service to their customers depends in large measure on the quality of advice offered and understanding of individual problems. It behooves them to learn what television can do for these customers, since this rapidly growing infant is already strong enough to help or hinder every business, large or small.

A Handy Ledger Warning Signal

A CAUTION card which is slipped over the top of savings ledger sheets and on instalment loan department ledger cards is in use at the First National Bank of Manchester, Connecticut. The tab is printed on bright red paper and has an opening for the name of the account. The form contains 13 reasons for caution, with the specific reason checked when the tab is placed on the ledger sheet.

This is a list of the cautions listed on the card:

- | | |
|-----------------|------------------|
| (1) Book Lost | (9) Held as Col- |
| (2) Deceased | lateral \$.... |
| (3) Signature | (10) References |
| (4) Assigned | (11) Surety Co. |
| (5) Court Order | Joint Con- |
| (6) Address | trol |
| (7) Dormant | (12) Uncollected |
| (8) Paper | \$..... |
| Missing | To |

(13) Blocked under Treasury Regulations

This card alerts the bookkeeper on when to refuse payment from an account in the savings department, or when to refer a delinquent loan customer to an officer.

Part of EO 10161

(CONTINUED FROM PAGE 48)

in respect of private financing institutions.

(c) All actions and operations of Federal Reserve Banks, under authority of or pursuant to the said section 301 of the Defense Production Act of 1950, shall be subject to the supervision of the Board of Governors of the Federal Reserve System. Said Board is hereby authorized, after consultation with the heads of the guaranteeing agencies, (1) to prescribe such regulations governing the actions and operations of fiscal agents hereunder as it may deem necessary, (2) to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and (3) to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

Section 303. Within such amounts of funds as the President shall have made available, and upon the certificate by the Secretary of the Interior in respect of metals and minerals (except as to paragraph (c) of this section), or by the Secretary of Agriculture in respect of lumber, or by the appropriate delegate referred to in section 101 of this Executive Order in respect of other materials and facilities, or by such other officer or officers of the Government as the President may designate, as to the necessity for loans, purchases, or commitments, as the case may be:

(a) The Reconstruction Finance Corporation is hereby authorized and directed to make loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, and the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals, as authorized by and subject to section 302 of the Defense Production Act of 1950.

HOOD 1st CHOICE again by all three!

THE ARCHITECT-
THE GENERAL CONTRACTOR-
THE FLOORING CONTRACTOR-

Mellenbrook, Foley & Scott,
Berea, Ohio.

R. S. Ursprung Co., Hanna
Building, Cleveland, Ohio.

Burk Asphalt Tile Company,
Cleveland Heights 18, Ohio.



Again, new Hood Asphalt Tile has been chosen, this time for the new Butternut School in North Olmstead, Ohio, and again this superior tile is the choice of the architect, the general contractor and the flooring contractor... men who *know* better flooring! And for good reason! New Hood Asphalt Tile is now available in a choice of 24 sparkling colors with directional marbleization that will meet the requirements of the most exacting decorative plan, above or below grade, and its square, precision-cut edges mean all-important savings on labor and installation costs. For your bank, or to protect your investment in buildings, housing developments, in real estate of all types, you can depend on the economy of this longer-lasting, more colorful flooring. Let this choice of those who know be your guide, whether it be for remodeling or a new building program. Your inquiry for further information will be handled promptly.

TWO GREAT NAMES **B.F. Goodrich** **TWO GREAT TILES**
Hood Rubber Co.
WATERTOWN, MASS.

British Banks Meet Rising Costs

LONDON

FOR more than 25 years the British banks have made a practice of carrying out "agency" work on behalf of each other without any charge to customers or to the banks involved. In a country like Britain, where the chief banks have widely scattered branches, there is considerable agency work. The service is chiefly used by travelling salesmen, chain store branches, and individuals who wish to pay in checks or cash at, say, Bank "A" in one town to the credit of their account with Bank "B" in some other town. Though the agency work has increased in recent years it has been felt generally that the service one bank rendered on behalf of the customers of another bank was compensated by similar work on behalf of its own customers.

Two of the leading banks, Barclays Bank, Ltd., and the Midland Bank, Ltd., which between them operate about 4,000 branch offices, now think these services should be made the subject of a charge. As of August 1 this year these two banks decided to levy a charge for any agency service they undertake on behalf of the customers of other banks and also to pay other banks

on a reciprocal basis for any service rendered. The charge will not be passed on to the customers, but is purely a charge between bank and bank, though one feels fairly certain that some part of the cost will eventually find its way into the customer's account.

When it is considered that payments made to other banks under standing orders and traders' credits are not to be subjected to the charge, one wonders whether the trouble in-

involved in the operation is worth while.

The main point of interest is that the new charge may be in the nature of a "straw in the wind." Sooner or later rising bank costs must mean an increase in the charge made for keeping and operating an account. These charges are still very low in Britain. It may be that in the not too distant future some increase may be agreed upon.

F. BRADSHAW MAKIN

NPA HEAD

William H. Harrison, former president, International Telephone & Telegraph Corp., heads the new National Production Authority



HARRIS & BOWING



You'll like

the personal interest shown all your
correspondent affairs by friendly

Boatmen's

NATIONAL BANK

Oldest Bank West of the Mississippi
BROADWAY & OLIVE • ST. LOUIS 2, MO.



Over 100 Years of Service

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Simplified GI Farm Loans

(CONTINUED FROM PAGE 66)

cent on farm real estate loans is the going rate in most sections.

Do they cause too much paper work—too much red tape? No—not if you are accustomed to laying the groundwork soundly on your conventional loans of a similar type.

Why is this a made-to-order program for the banker? Because you have the right of automatic guaranty. In the case of personal property farm loans you may be desig-

nated as the appraiser. In view of these privileges—make fully expended automatic loans — save paper work—save time.

Simple Fundamentals

To follow this procedure there are a few simple fundamental *Knows* that become *Musts*: (1) *Know* your borrower—his credit background; (2) *know* he is eligible—obtain a certificate of eligibility; (3) *know* your loan is for an eligible purpose; (4) *know* the cost is within reasonable value; (5) *know* that personal property security is adequately and

uniformly described on the appraisal, the loan report and the mortgage, so that it can be readily identified; (6) *know* that proceeds of the loan go for the purpose intended; (7) *know* that you have a first lien on the property appraised and listed on your report; and (8) *know* you cannot re-finance existing bad credit with a guaranteed loan.

After the loan is made and fully expended, report it for guaranty by sending in certificate of eligibility, farm loan report, certificate of reasonable value or appraisal. A guaranty certificate will be sent you within a few days. If the loan is for the purchase of real estate and the contract to purchase has been executed several months prior to the closing date, generally March 1, at the time of execution of the contract order a certificate of eligibility, reserving the entire guaranty entitlement in your name as lender; also order an appraisal. The certificate of eligibility and certificate of reasonable value being satisfactory, close your loan at the required time, pay out the money and report it for guaranty.

It is as simple as that. If the job has looked too difficult, spend an hour with the loan guaranty officer, and be convinced. Any loan guaranty officer in the country will be glad to assist you.

"They Were On the Way"

And now in conclusion, vocational on-the-farm-training, together with GI farm loans, offers you two splendid mediums of building your business, your community, and at the same time aiding and building faith in veterans that America is the land of opportunity—with a way of life worth fighting for.

This quotation from a brief address by our mayor to departing draftees is typical of what is happening all over the country:

"You are truly the leaders in our fight for the preservation of the American way of life. Many men will join you, but you can claim the distinction of being the leaders."

He then wished them success, and the ceremony was over. The atmosphere changed immediately when a voice shouted, "Okay, sarge, load 'em on the busses!" "I hope they're air-conditioned," someone mused. They weren't, but it didn't matter—they were on the way.

CONFIDENCE



results from the selection of a banking and trust company fully adequate and experienced in maintaining complete correspondent services.

Select a leader in dependability . . . receive the maximum in efficiency.

American Security

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

& TRUST COMPANY
WASHINGTON, D. C.
DANIEL W. BELL, President

LEVEL-UP Your Time Payments with ALLISON'S NEW PAYMENT COUPON BOOK

An increase of 30% in LEVEL payments was reported by Mr. E. L. Moffett, writing in "Time Sales Financing." He is using Allison's NEW Coupon Books, which accentuates Perforations. "We find" he writes "that having the exact amount of payment on each coupon has a marked effect on the percentage of exactly level payments received. After the system had been in operation for six months it was found that the average percentage of exact payments was 91 per cent as compared to 70 per cent prior to the use of coupons."

5/16" BLACK CIRCLED PERFORATIONS

5.00

Immediate profits, proven in so many cases, are so great that it is unwise to delay learning all about the NEW improved payment book. Write for samples and full information. No obligation. No cost.

ALLISON COUPON COMPANY, INC.
INDIANAPOLIS 6, INDIANA

7 WAYS TO PROFIT

- Faster Window Service
- Ideal for Mail Payments
- More Level Payments
- Lower Follow-up Costs
- Reduced Loan Acquisition Costs
- Increased Accuracy
- Reduces Posting Time

News for Country Bankers

(CONTINUED FROM PAGE 64)

estry service, describes the New Hampshire severance tax. Another booklet, *Forest Practice Standards for New Hampshire Woodlands 1950*, (N. H. Extension Service Bulletin No. 98), outlines the forest practice requirements which, if followed by owners, can earn them an abatement of 30 percent of their tax. The severance tax became effective in New Hampshire on April 1.

The committee also sent its members a pamphlet, *The American Tree Farm System*, distributed by the American Forest Products Industries, Inc., and a reprint from the Federal Reserve Bank of Boston's *Monthly Review* (June, 1949) entitled *Forest Taxation: Penalty or Incentive?*

Purebred Calves to 4-H Boys

PUREBRED dairy calves were awarded by the agricultural committee of the Maine Bankers Association to four outstanding 4-H Club boys attending the State Dairy Show. The winners were chosen from a group of 500 boys and girls attending the show and were members of a pool recommended by the 4-H Club leaders from the various counties.

The association also awarded 10 badges of excellence to other outstanding 4-H members.

Claude F. Clement, cashier, The First National Bank of Belfast, and chairman of MBA's agricultural committee, made the presentations.

Better Pasture Promotion

IN its second bulletin—*Better Pastures—the Foundation to Successful Farming*—sent to 3,200 farm customers, The First National Bank of Jasper, Alabama, devoted one full page to promoting the services of its agricultural agent, tying him in with its better pastures program.

The remainder of the bulletin is keyed to the slogan "Make 1950 the Pasture Year" and covers a variety of topics in a step-by-step guide to better pastures.

MARY B. LEACH

Maine Bankers Association purebred calf winners with their prizes. Extreme left, A. K. Gardner, Maine Agriculture Commissioner, and Chairman Clement. Right, foreground, MBA Secretary - Treasurer George E. Fernald



How Right You Are, Mr. Webster!

Noah Webster's definition of the word "central" . . . "Situated in or near the center or middle" . . . fits us to a T.

Central National Bank is located in the center of Cleveland's business district and Cleveland itself is in the heart of industrial America. This convenient location . . . plus our night and day transit service . . . enables us to clear your checks and furnish other correspondent banking requirements with a minimum of delay.

Let us save you time and money, too!



Central National Bank
of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A Time to Watch Our National Step

(CONTINUED FROM PAGE 51)

community. Each bank no longer has the power to decide whether a loan merits a rate of 3 percent or 6 percent. Instead, Federal bureaus far removed from a knowledge of the facts are forcing uniform interest rates and uniform procedures which may or may not fit the specific local situation, and may not fit the

borrower's needs or the borrower's capacities.

* * *

The chief problem among bankers today is to make certain that banking does not become further regimented. Too many bankers are hiding behind Government guarantees. If we are to maintain our economic system, it is necessary for

bankers not to rely too heavily on Government-guaranteed loans.

* * *

Beyond resisting the communists' efforts to enslave us and the rest of the world with their doctrine, it would seem the most important problem of our nation is to take all steps possible toward preserving our solvency and thus protecting our free enterprise system for our coming generations.

* * *

The nation's chief problem is to avoid the possibility that regulations and restrictions, enacted to protect us against one problem or a series of problems, do not subsequently become a permanent part of our existence to the point where we cannot again operate as free men and free institutions.

* * *

The encroachment of government into private business and free enterprise, with resultant inflation and instability of values, is one problem.

Unsettled international relations prevent long range planning and keep the threat of war hanging over our heads like a cloud.

Both of these conditions I attribute to a breakdown in the moral fibre of the people who have learned to lean on government for help, rather than demonstrate the initiative which brought us to the position of world leadership we now hold, but which we will lose if we do not return to the principles of our founding fathers.

* * *

In my opinion (and it seems to be confirmed by the action in other countries) the first industry which would be greatly affected by socialization would be banking. The same controls which would affect that particular business activity will have the greatest effect upon our nation as a whole.

It is not only our opportunity, it is our duty to see to it that the American people are not deluded into departing from the American way of life.

* * *

The world situation today is the vital concern of the individual as well as of the United Nations. Such is its scope that all peoples, everywhere, are, or will be, touched by its ramifications. As bankers, our prime and great concern is the preservation of our economy. In particular we must maintain vigilance

Worthwhile things deserve the best in protection



... with Comprehensive Personal Liability

When selling insurance, remember this
Whether selling a man, or selling a Miss
There's plenty of protection with CPL*
Especially when placed with the L. & L.

*Comprehensive Personal Liability

There's a broad market for the broad coverage offered in L. & L.'s Comprehensive Personal Liability policy.

Send for illustrated sales ammunition.

THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD.
(Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA



YOURS FOR THE ASKING

No matter what the size, or the specific need, of your Chicago account, we are equipped to provide a complete banking service, promptly and efficiently. Any and all of our services are at your disposal.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



against the overextension of credit. Restrictions by individual banks may be necessary to curb the inflation which would seem impending under current conditions here at home. As bankers, ours is a job of strictest policing and control over the home front economy.

* * *

The chief problem we face today as bankers is the gradual drift toward nationalization of credit. In the last 20 years politicians have found that the American public gives little consideration to the cost of government as long as government offers increased social benefits. As the banks cannot finance unsound projects, regardless of their popular acceptance, the Government has come forward with insured loans, guaranteed loans, and direct loans. If the banks refuse to make the insured and guaranteed loans, direct Government lending will be substituted. The present trend of this program will inevitably result in the nationalization of credit, and the Government will become in fact the banker for the entire country.

* * *

Socialism is the chief problem we face today as a nation. We seem to be forgetting the fundamental things which made this country strong and great, and we are delegating responsibilities to incompetents in high places, who have neither the ability nor the patriotism to run the country the way it has been run in the past.

* * *

Preserving the individual banker's freedom of decision for conducting his bank's affairs is a problem. It behooves banking leadership to inform the public and our legislators better on what we believe to be sound principles for banking and on government fiscal and debt management practices. Our nation seems to be moving toward a condition in which banking practices would be determined increasingly by governmental authority rather than along lines of wisdom deriving from professional experience. An essential step in combating inflation is a balanced Federal budget.

A grave problem is how to support the great costs of war preparedness while, at the same time, supporting the public welfare program. The American people must realize that the natural yearning for security during old age is imperiled

Protecting your KEY PERSONNEL

Your higher income men need disability benefits more in line with their incomes than is provided by regular group insurance. We are equipped to help you solve this problem and invite further discussion with you on this important subject.

MARSH & McLENNAN

INCORPORATED

INSURANCE BROKERS • CONSULTING ACTUARIES

Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles Pittsburgh
Seattle St. Louis St. Paul Duluth Indianapolis Portland Superior Cleveland
Buffalo Columbus Phoenix Vancouver Toronto Montreal Havana London

GOING SOUTH, YOUNG MAN?



Then be sure to get all the facts about the rapidly expanding Southeast from the "Friendly Fulton"

The Fulton National Bank of Atlanta, as your correspondent, can provide accurate information and facts about Atlanta, Georgia, and the entire Southeast.

In our files, or available on short notice, are facts on manufacturing sites, available labor, transportation and warehousing. If you desire advice, you can depend upon the seasoned judgment of officers experienced in this field.

DEPENDABLE



COOPERATIVE



THE TEXAS COMPANY

— 192nd —
Consecutive Dividend

A dividend of one dollar (\$1.00) per share on the Capital Stock of the Company has been declared this day, payable on October 2, 1950, to stockholders of record at the close of business on September 1, 1950. The stock transfer books will remain open.

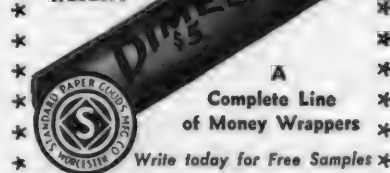
ROBERT FISHER

August 4, 1950

Treasurer

STANDARD TUBULARS

* CLEARER PRINTING
* EASILY OPENED
* HEAVY
* WEIGHT



Complete Line
of Money Wrappers

Write today for Free Samples

STANDARD PAPER GOODS MFG. CO.
Worcester 8, Mass.

by the depreciating value of the dollar.

* * *

Bankers need to revert to sound economic fundamentals from which there has been much digression, evidenced by past liberality in extending unsecured long-term credit commitments as well as instalment credit, both personal and consumer, and mortgage loans predicated on market value appraisements, rather than on capitalization basis, with the attendant inherent hazards which experience has taught might well prevail.

* * *

The banker's chief problem is one of public relations in establishing in the minds of the public the limits of good, sound banking practice and the advantages which a bank operated on such a basis can offer in the way of service to the individuals in its community. The bank not only has the custody of its customers' money but it has the obligation of safely handling it and, at the same time, being always conscious of the credit needs of the individuals within its community. Much of the public is still awed and reluctant to use banking facilities.

* * *

The chief problem we face today as bankers is how to keep our banking system strong in spite of the dilution of values brought about by deficit financing and inflation. It is a problem that calls for greater vigilance than ever in the selection of loan and investment risks, the appraisal of assets, the control of operating costs, and the maintenance of adequate liquidity that conceiv-



Russian soldiers in Vienna march to the music of an American Army band in ceremonies marking the routine change of chairmanship in the Allied Council in Austria. Here only is there some semblance of "Allied" cooperation

ably may be tested in a future national emergency.

* * *

The chief problem our bank has today is in making conservative real estate loans. To be sure, we are swamped with applications and 45 percent of deposits are in such loans, but a great many times the purchase price and the available down payment are out of line.

* * *

From the record and from past experience, unsound loans are made during a period of prosperity and good times. Easy and liberal credit terms have existed for a period of several years. Pressure from many sources has brought about requests and demand for credit. The purposes for which the borrower used the funds have not always been productive or constructive. It can easily happen that many borrowers may be forced to default during a

period of higher taxes, a military economy, or a smaller volume of normal business. Should this happen, banking will again be condemned and criticized from the same source that brought about liberal credit terms. We should have the courage now to recognize productive as against nonproductive and essential as against nonessential loans. Banking should lead the way for sound and constructive credit and loan practices.

* * *

A return to wartime economy points to a squeeze on banking profits which is likely to result from a policy of low interest rates necessitated by a large financing program, combined with higher taxes and the rising costs which accompany a general inflation. The problem of meeting this squeeze is made more difficult by the fact that banks are subject to control by government, the application of which is uncertain. Bank management is unable to plan a course of action which has a reasonable chance of successful execution. The Federal Reserve Board, the Treasury, the Comptroller of the Currency, as well as the various states, all have a voice in the conduct of banking and in addition are in a position to compete with private banking in making and guaranteeing loans. The difficulty confronting the banker may be illustrated by one simple example: *he is not even in a position to know what reserves he will be required to hold against his deposits.*

* * *

The bankers' chief problem is Government interference and Government competition.

A 105 mm howitzer in action somewhere in Korea



WIDE WORLD



The Farmers and Merchants National Bank of Los Angeles received a certificate for exceptional merit in general newspaper advertising from the American Newspaper Publishers Association. The award was presented at the Los Angeles Advertising Club by Dick Russell, left, past president of the club, and accepted by George Clark, the bank's advertising manager.

Methods and Ideas

(CONTINUED FROM PAGE 46)

Headed "Here is 'Must' reading for every manufacturer in this area," the copy said that all businesses would be interested in "one of the most important and timely services ever offered by the Greater Paterson Chamber of Commerce.

"With the Armed Forces calling for millions of tons of supplies and equipment," it continued, "you may want to convert part of your production at once to defense materials. Or it may be the sound and patriotic step to convert completely—or not at all. You know best, of course.

"In many cases, the Chamber of Commerce can be helpful. Because it is a cooperating office with the United States Department of Commerce, it offers you the complete 'Synopsis of Department of Defense and General Services Administration Procurement' on all bids requested by the various Government services."

The copy went on to say that the reports in the synopsis were available at the chamber, then added that to all manufacturers the First National Bank offered its fullest cooperation.

In Brief

The CHASE NATIONAL BANK of New York has started a television spot campaign to promote compound interest thrift accounts, special checking, general banking services, and trust and foreign departments.

SARATOGA NATIONAL BANK of Saratoga Springs, New York, is another bank that has a new pictorial check featuring spots of interest. The background pictures include the famous race track, the state-owned baths, the Skidmore College, and a hotel. A design in the upper right hand corner carries a reminder that Saratoga Springs is the birthplace of the A.B.A.

"A Day at the Federal Reserve Bank" is the title of a new sound motion picture produced by officers and employees of the FEDERAL RESERVE BANK OF CLEVELAND. It's a documentary film on operations.



A special award for distinction in radio advertising was given to Bank of America at the recent convention of the Advertising Association of the West. The award was for the "Top of the Morning" program on Los Angeles station KNX. In the picture are Ralph Story, who conducts the program, and B. of A. Assistant Vice-president Glenn E. Carter.

In connection with the opening of the new PARK NATIONAL BANK of Chicago, Milwaukee Avenue at Central Park, the Milwaukee-Diversey Chamber of Commerce set aside a 45-day period during which merchants offered a 6 percent discount to customers making purchases in participating stores and depositing in the bank. Buyers got a discount certificate, valued at 6 percent of the sale price, which was honored at the bank as a deposit.

The MEADOW BROOK NATIONAL BANK of Freeport, Merrick and West Hempstead, New York, is conducting an amateur photo contest. Prize winning prints will be exhibited in the bank's lobbies.

Here is the background design for the new "heritage checks" being put into use by the First National Bank of Philadelphia, which holds Charter No. 1 in the national banking system. Historic shrines and treasures in and near the city are pictured. The usual data appearing on the check face was omitted from this print so that the artistic detail could be displayed.





—now you can RENT unusual,
full-size displays at low cost
... Easy to install!

LEADING BANKS USE this monthly window display service to dress up their windows... build good will and new business. Each month you get a new, eye-catching 7 ft. dimensional exhibit featuring a specific bank service. Many are animated—each is yours at a fraction of its cost.

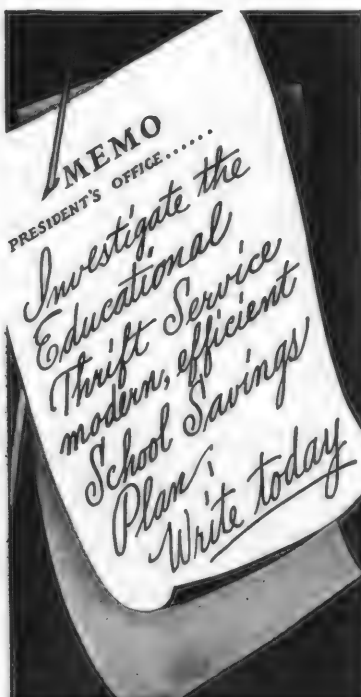
Send coupon without obligation for:
PORTFOLIO OF EXHIBIT IDEAS

Name _____
Bank _____
Address _____

MAURICE F. BLOUIN

Bank Exhibits

• South Berwick, Maine



EDUCATIONAL THRIFT SERVICE

22 PARK PLACE NEW YORK 7, N.Y.

An Auditor Looks at Bank Examinations

(CONTINUED FROM PAGE 69)

should be checked and it should be ascertained that adequate provision has been made for all major accrued items of expense, including claims, contemplated litigation, or other contingencies.

Accounting System, Operating Procedures, and Financial Statements

The clerical cost of handling bank transactions has increased steeply and it is important to make sure that the bank is performing no more than those operations necessary to carry on and safeguard its business. The proper utilization of up-to-date mechanical equipment has been found helpful in holding costs down. At the conclusion of his examination, the professional certified public accountant should make any recommendations which he considers will result in economies without sacrificing safety. These recommendations should be discussed with the management and then incorporated in his report. The outside accountant should also review the budgeting procedure and cost control.

In connection with trusts, the professional certified public accountant, in addition to ascertaining that all trust assets turned over to the trust department are intact and held by the bank in a fiduciary capacity, should determine the following:

- (1) Whether the assets of the trust department reflect lawful and efficient management of the trusts committed to it.
- (2) Whether income has been collected on income-producing assets of the various trusts.
- (3) Whether the income has been properly distributed to the beneficiaries, or otherwise accounted for.
- (4) Whether any distribution of principal has been properly made.
- (5) Whether commissions have been taken properly.
- (6) Whether a review of all the assets in each trust as to their safety and current value and the advisability of retaining or disposing of them has been made at least once during each 12-month period by the trust investment committee.
- (7) Whether trust funds awaiting investment or distribution have been

held uninvested or undistributed any longer than was reasonably necessary.

(8) Whether proper accountings are rendered periodically to those entitled to them.

Generally, it is not necessary to perform all of these operations for each and every trust. A number of representative trusts can be chosen as samples, and, if there are no irregularities brought to light by the sampling and a general review of



"Black gold" helps keep Southern California business booming. Add America's #1 agricultural output to tremendous business and residential building—throw in gigantic strides in heavy industry, and you have it. The richest sales potential per capita in history.

Let us represent you and your customers. We have seen and helped this young giant, Los Angeles, grow.



CITIZENS
NATIONAL TRUSTS BANK
OF LOS ANGELES

5th & Spring Streets

35 Conveniently Located Branch Offices
Member Federal Deposit Insurance Corporation

the procedures, the auditor may reasonably assume that all the trusts are being properly handled.

Not the least important aspect of a bank examination is the possibility of preparing better financial reports as a result of the examination. Recent years have brought an improvement in the style and scope of banks' financial statements. There was a time when a bank's published report was its statement of financial position only. Emphasis was laid on one point—the bank's liquidity. At one time this view was not uncommon in industry as a whole. But in the last decade particularly, it has become more and more understood that good accounting practice requires:

- (1) Sufficiency of disclosure,
- (2) Soundness of accounting principles, and
- (3) Consistency from year to year in the application of these principles.

Farsighted bankers realize that they are competing with commercial and other enterprises in the capital markets for the investor's dollar, and that to maintain the reputation and market value of a bank's stock they have to keep actual and prospective investors informed not only of the bank's financial position but also of its progress and performance.

Much can still be done in disseminating information about banks' operations. Sufficient information is already available in the reports of banks to state and Federal regula-

"George, I simply can't get used to the idea of your being president of the bank!"



tory authorities in a prescribed manner and form. Its lucid presentation to stockholders is becoming more and more an accepted principle by leading banks which distribute the information not just once a year but periodically and in comparative

form. The professional certified public accountant is being called upon increasingly to advise bankers in their praiseworthy efforts to report fully and frankly on the position and performance of their institutions.

1792 — 1950

NEW HAVEN'S OLDEST BANK

has served generations of
New Haven Individuals and Firms for
"158" YEARS
Capital, Surplus and Undivided Profits
\$2,600,000.00

THE NEW HAVEN BANK N. B. A.

Established 1792

Chapel St., at Orange St., New Haven, Connecticut

Federal Reserve System

Member of

Federal Deposit Insurance Corporation

POLK'S

BANKERS' ENCYCLOPEDIA



3
BOOKS
IN
ONE!

★ 2800 pages of the latest information on—1. Banks; 2. Investment Bankers; and 3. Life Insurance Companies.

Why not join those who know? Use the best in Bank Directory Service. Order your copy today.

SEPTEMBER 1950 EDITION

Ready for delivery

Single issue price \$27.50

Five year rate \$20.00 a copy

For further information write

R. L. POLK & CO.

130 Fourth Ave., North, Nashville, Tenn.

SERVICE

Maintaining an intimate, personalized correspondent service.

EXPERIENCE

Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

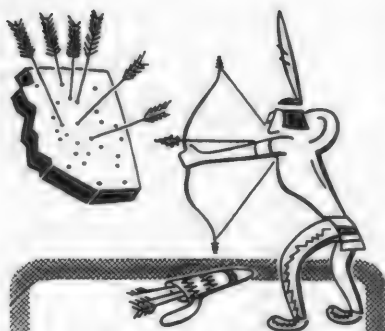
POLICY

To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

The
Public National
Bank and Trust Company
of New York

Established 1908

Member: New York Clearing House Association
Federal Deposit Insurance Corporation



COVERING ARIZONA

You are cordially invited to use our state-wide facilities for all your Arizona transactions. Our twenty-nine offices located in 11 of Arizona's 14 counties serve 90% of the state's population.

SERVING All ARIZONA

VALLEY NATIONAL BANK

29 FRIENDLY CONVENIENT OFFICES
Home Office — Phoenix, Arizona

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

85th
consecutive
dividend

A quarterly dividend of 40c a share, plus an extra dividend of 5c a share, has been declared on the common stock of this company, payable on October 2, 1950, to shareholders of record September 6, 1950.

E. H. Volwiler, President
August 24, 1950



ABBOTT LABORATORIES
Manufacturing Pharmaceutical
Chemists • North Chicago, Illinois

AUTOMATIC TELLERS CASH TICKETS

Self-duplicating with clean, clear carbons, these tickets speed auditing procedures. Numbered or blank, in pink or white, packaged 1000 to box. Quantity discounts. Immediate shipment. Write for free samples and prices.

J. Worth Baker & Co. 134 S. Pennsylvania St.
Indianapolis 4, Ind.

1864-1950 There is no greater honor paid an institution than its continued use as a depository.

**FIRST
NATIONAL BANK**
OF CONCORD, NEW HAMPSHIRE
MEMBER FDIC

**Do Your Directors
Read
BANKING?**

Government Bonds

(CONTINUED FROM PAGE 87)

These losses, however, will simply reduce the profits, which must have been substantial, already taken on the sales so far this year of the "over 5 year" bonds, but will be only about 10 percent at the expense of the Federal Reserve. The remaining 90 percent will come out of the kick-back to the Treasury Department under the item "Paid U. S. Treasury (interest on outstanding Federal Reserve notes)." So in a sense the Treasury is paying the bill.

FR Portfolio Turnover

In the two weeks from August 16 to 30, the turnover of purchases and sales by the Open Market Committee in the Federal Reserve's portfolio of Government securities was the largest ever recorded. The actual total of \$6,954,000,000, the sum of increases and decreases in the tabulation of changes in bills, certificates, notes, and bonds, represents net figures for the period. Other transactions which offset each must have occurred, so it is safe to say that well over \$7-billion flowed into and out of the portfolio in the two weeks covered, as the direct result of the Treasury refinancing program.

The small increase of \$250-million in the total was, under the circumstances, both surprising and encouraging. The books for the exchange had not closed and undoubtedly many holders of the maturing issues, especially the 2 percent and 2½ percent bonds, were letting their income accrue until the last possible moment. The entire transaction may be completed with only a very small, if any, increase in Federal Reserve credit.

While bill holdings decreased over \$1,500,000,000, the "to 1 year" category increased over \$1-billion. The explanation of this apparent contradiction is that not only did the Open Market Committee buy large amounts of the maturing 1½ percent certificates, but also acquired at least \$2-billion of the called 2 percent and 2½ percent bonds. This shows up in that during the period \$142-million of the "over 5 year" bonds went out of the portfolio.

The increase in certificates and the decrease in notes chiefly reflected the purchase of the maturing 1½ percent certificates and the sale of

the 1¼ percent notes of July and August 1, 1951.

In sum, the Open Market Committee has again successfully met a very difficult situation and again proved its ability "to maintain orderly conditions in the market for Government securities," while at the same time exercising pressure on the money supply by the increase in the short-term rate structure.

Savings Bonds

Announcement that a new Savings Bond drive is scheduled for November comes as no surprise in view of the increasing amount of current redemptions. Unless the growing tendency of redemptions to exceed new sales, despite continued publicity and occasional drives by the Treasury Department, can be retarded, the maturity in 1952-1955 of over \$20-billion of Series "E" bonds will rather seriously complicate normal Treasury refunding operations.

Over \$94-billion of savings bonds, Series "A" to "G," have been issued. Of this amount nearly \$5-billion were sold prior to March 1, 1941 (Series "A" to "D"), of which about \$4-billion have matured or will have by the end of this year. Of the \$26,500,000,000 of Series "F" and "G" Bonds which have been sold so far, only \$4,250,000,000 have been redeemed. Sold in larger amounts for a slightly longer period than the "E" Bonds, the "F" and "G" issues have quite clearly been acquired for investment to maturity, but the record of the redemptions of "E" bonds tells a different story.

Here, of the \$62,500,000,000 sold, \$28-billion have been turned in for cash—nearly 45 percent—and some evidence of the rapidity with which redemptions were made is given by the report that the accrued interest on redeemed bonds has averaged less than ¾ percent, indicating an average retention of less than two years.

If the present rate of redemptions continues, or is accelerated, the amount of the maturities in 1952 to 1955 may be substantially reduced.

Public participation is essential if new financing through the banking system is to be held in bounds. The present forms of savings bonds were an invaluable contribution to the financing of World War II. Similar participation will be a requisite if and when deficit financing again is necessary.

OLD WAY—Slow, Wasteful, Tedious



...for
**QUICK-
ACCURATE--**
Handling of Loose Coins

**The DOWNEY
CHANGE TRAY**
THE MODERN WAY

THIS aluminum Tray holds 10 coins each of pennies, nickels, dimes, quarters and halves in each of 68 staggered pockets for quick handling. Raised black figures on border mark pockets. Teller can make change with speed. Size of Tray: 12½ in. by 9 in. May be placed on counter, mounted on pedestal to save space or on short legs for nesting and storage in vault.

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HANHIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers

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Your Bank's

willingness to serve

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IMPACT

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Distribution of
this practical
newsletter will publicize
your bank's desire
to help the businessmen
of its community.

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**BUSINESS NEWS ASSOCIATES
INC.**

53 Broadway, New York 6, N. Y.

Fit Pay to the Job

(CONTINUED FROM PAGE 54)

"The rewards from the salary program to date have induced us to pursue the subject further, and we have decided to conduct an area survey to ascertain what our status is in the local labor market. The bank is in the midst of an industrial area in the Raritan Valley with over 400 nationally known industries. Although the area is served by approximately two dozen banks, which vary greatly as to size, we are interested only in finding out if our pay standard is sufficient to enable us to procure the type of staff we need.

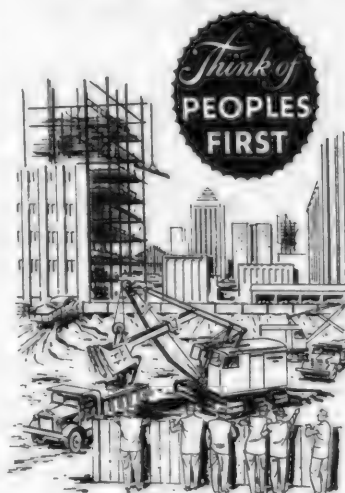
"We are now contacting a number of these organizations for wage rates. Here, again, there is no common basis for job responsibility and we have had a little difficulty in getting across just what we are after. We plan to compile minimum hiring wages paid for labor and clerical workers and then to strike an average, so that when we hire an individual we will be in a position to know if we can meet competition and if we are offering enough to get the right material. We also want to know if we are paying our people in line with the area rate. There appears to be no reason why an individual who is entrusted with a large amount of cash daily should work for \$50 per week if he can work on the production line at \$60.

Pay Standards Test

"While it requires a little more work to make an area survey, it is the only true way to test pay standards. It provides the information needed to discuss salary problems with the employee or director. Banks that follow it through will be both amazed and amused. We found that the majority of executives contacted could not understand a banker's being interested in industrial wage scales. We have been commended by industrial leaders for having taken a constructive attitude on salary problems, and have found industry willing to cooperate.

"Our experience reveals that in the small bank the employees bring in more new accounts than do the directors. This is another reason for intelligent salary administration."

WHEN YOU THINK OF PITTSBURGH'S BUILDING PROGRAM



In Pittsburgh, the biggest city-rejuvenation program in America is under way. All around the town there's tangible evidence of Pittsburgh's 100-million-dollar new building program. Shovels are working, rivets are flying . . . modern buildings, from 40-story office skyscrapers to huge educational structures, are going up!

Yet this construction activity is only one chapter in the remarkable Pittsburgh Story. If you are looking for new business . . . new markets . . . new locations, get the facts about Pittsburgh's bright future by writing today to the Pittsburgh Industrial Development Council, Pittsburgh 19, Pa.

Whatever your business, you'll find it pays to tie in and progress with Pittsburgh. And for your correspondent banking needs, Peoples First National—with 17 fully staffed offices—is in excellent position to serve you and will welcome such opportunities.

PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Pittsburgh 30, Pa.

Member F.D.I.C.

Strengthen Your Doubtful Risks With Lawrence Receipts

JUDGED by its prevailing risk criterion, a bank's portfolio contains many loans on open account which may well be placed on a secured basis.

Lawrence warehouse receipts, issued on the borrower's inventory, will protect the lender with fundamentally sound collateral.

New "Small Business" Department now extends Lawrence service to inventories valued as low as \$5,000.

Lawrence warehouse receipts are supported by the strongest financial statement in the field warehouse industry. Lawrence has always discharged, in full, its liability to all holders of Lawrence Warehouse receipts.

Lending institutions have profited with Lawrence field warehousing in dealing with more than 20,000 business firms, over a period of 35 years.

Booklet Gives Field Warehouse Facts



Tells how Lawrence field warehousing makes secured credit possible for accounts in your portfolio. Write for free copy, "Borrowing on Inventory."

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St. Louis • Atlanta • Des Moines • Charlotte
New Orleans • Houston • Dallas • Denver • Phoenix
Portland • Seattle • Spokane • Stockton • Fresno
Washington, D. C. • Manila, P. I.

New Books

URBAN MORTGAGE LENDING BY LIFE INSURANCE COMPANIES. By R. J. Saulnier. National Bureau of Economic Research, New York. 168 pp. \$2.50. The companies, part in the real estate market, as well as the mortgage loans they make, are the main topics considered. Lending costs and returns, and the loan experiences of these lenders during the 1920-46 period are reported.

SURVEY OF UNITED STATES INTERNATIONAL FINANCE 1949. By Gardner Patterson. Princeton University Press, Princeton, New Jersey. 213 pp. \$1.75. Assembles in summary form "the more important information on the policies and activities" of this country in international finance last year.

AUDITS BY CERTIFIED PUBLIC ACCOUNTANTS: THEIR NATURE AND SIGNIFICANCE. American Institute of Accountants, New York. 54 pp. 50 cents. Financial statements, the CPA report, and auditing philosophy and procedure are discussed.

THE RIGHT TO ORGANIZE AND ITS LIMITS. By Kurt Braun. The Brookings Institution, Washington, D. C.

321 pp. \$3. A comparison of policies in the United States and selected European countries.

"PRUDENT MAN" INVESTING. Kidder, Peabody & Co., New York. An outline of present investment responsibilities of New York trustees; text of the state's new fiduciary law.

INSURED PENSION AND WELFARE PLANS. By Robert E. Larson. University of Wisconsin School of Commerce, Madison. 129 pp. \$1.10. A study of policy provisions for the major coverages and types of plans; also of other factors affecting costs and administration.

BERNARD BARUCH: PORTRAIT OF A CITIZEN. By W. L. White. Harcourt, Brace, New York. 158 pp. The author of "Lost Boundaries" and "They Were Expendable" sketches the career of the famous adviser to six Presidents. The portrait emerges through four sections of the little volume: Baruch and Wall Street, Baruch and Woodrow Wilson, Baruch and Franklin D. Roosevelt, and Baruch and the atom. An appendix contains the U. S. atomic energy proposals.

News About Banks

The ANGLO CALIFORNIA NATIONAL BANK has presented to the state the oil painting, "Crossing the Plains," which had hung in the lobby of the bank's Capital office at Sacramento since 1921. The picture was unveiled in the state capitol on September 9, the 100th anniversary of California's statehood.

The NATIONAL BANK OF COMMERCE, Houston, is building an 800-car parking garage for the use of customers and tenants of its new building. Cost is estimated at \$1-million.

Republic National Bank of Dallas is planning the first of an annual series of women's finance forums in October. There will be five weekly sessions, with meetings both mornings and afternoons to accommodate home managers and professional women.

"1850-1950: The Background for Our Second Century" is the forward-looking slogan adopted by the MARINE TRUST COMPANY of Buffalo for its centennial year. The hundredth anniversary was August 27.

The CHEMICAL BANK & TRUST COMPANY, New York, has moved its United Nations office into the new Secretariat Building at East River Drive and 44th Street. Services of the office are limited to providing deposit, withdrawal, check-cashing and foreign exchange facilities for UN personnel.

The AMPERE BANK AND TRUST COMPANY of East Orange, New Jersey, with deposits of about \$8-million, has joined the FIDELITY UNION TRUST COMPANY of Newark.

a sign of modern, progressive banking!



BURROUGHS COMMERCIAL TELLER'S MACHINES

Customers like to deal with banks that use Burroughs Commercial Teller's Machines because these machines let them get in and out fast, and give them clear, accurate records of their transactions. Tellers like the machines because they speed up and simplify the work, help prevent errors, and cut down balancing time. It's easy to gain these benefits in your bank. We'd like to tell you how easy it is. Call your local Burroughs man today.



"Our experience has proved that depositors get faster service. Neither the bank, our tellers or our depositors would ever consider a return to the old pen and ink system." *Washington Union Trust Co., Washington, Penna.*



"Speeded up handling of depositors' and tellers' cash proof . . . helped reduce and assisted in locating cash differences. Gave positive identification to deposit. Gave each teller his own adding machine." *The First National Iron Bank, Morristown, New Jersey.*



"From the start our depositors cooperated with us and agreed that we were giving them the latest, most up-to-date operation. The machines have achieved for us the results you said they would." *Farmers Bank of the State of Delaware, Dover, Del.*



"Since we began using these machines we have noticeably speeded up our window work . . . and the tellers' work has been considerably simplified. Our customers are pleased with the service." *The National City Bank of Rome, Rome, Ga.*

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



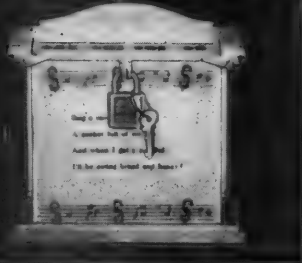
It's plain to see why **VISABANKS**

are an asset . . . They cost so little . . . they add so much! These unique business-building coin banks stimulate savings, create new accounts, establish good will!

- Visible stacks of coins clearly indicate the amount of savings, encourage more deposits.
- Available in a full range of beautiful colors in marbleized, pearl essence or metallic finish plastic.

- Miniature padlock and keys and tamper-proof coin slots assure safety.

Plus INTEREST-ATTRACTING advertising message and your imprint! Keep your depositors' interest in spring alive with clever single inserts — seasonal topics and greetings — incentive plans for saving for vacations, building funds, furniture budgets, etc. You can change them whenever you wish.



Your name imprinted on every bank you distribute is your calling card — a constant reminder of your services. Mats are available to help you promote VISABANKS. Exclusive distribution rights in your banking area may be secured.

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Business Aids

EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



SEVEN STEPS TO INDOOR COMFORT—A 15-page booklet handsomely illustrated in full color outlining seven steps that are essential for complete year-round comfort. Each of the seven steps (heating or cooling air, humidifying or dehumidifying, circulating, cleaning air, etc.) is discussed with regard to its effect and importance to

health and comfort. The booklet includes brief comments on planning a heating system to include facilities for complete conditioning of air all seven ways. Write to *National Warm Air Heating and Air Conditioning Association, 145 Public Square, Cleveland 14, Ohio.*

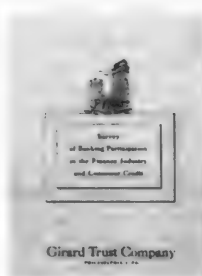


AMERICA TODAY—A 24-page booklet containing charts and tables outlining the strength of the national economy. Reviews the 1950 market, the civilian labor force, index of weekly earnings, a review of how our money is spent, income to be expected from various jobs, etc. Concludes that the nation's economy, based on the ever-broadening base of highly-paid wage earners, can weather almost any storm or upset.

Available from *Macfadden Publications, Inc., 205 East 42nd Street, New York 17, New York.*



PHYSICAL FITNESS AND PERSONAL APPEARANCE—A 12-page illustrated booklet discussing the contribution made by proper seating to better health and work. Outlines the effect of posture while seated at one's desk and contains an outline "How to Sit . . . Do's and Don'ts" as well as suggested exercises to improve posture. Write to *Domore Chair Company, Inc., Elkhart, Illinois.*



SURVEY OF BANKING PARTICIPATION IN THE FINANCE INDUSTRY AND CONSUMER CREDIT—A 47-page booklet compiling, by means of tables, figures covering the banks' own consumer loans outstanding as well as their advances to the finance industry. Indicates the averages for both and derives such information as is possible respecting the stand-

ards used by banks throughout the country in measuring the extension of such credit. This booklet should be useful to banks having little experience in lending to the finance industry, and may lead to more uniform thinking on the whole subject. Write to *Girard Trust Company, Philadelphia 2, Pennsylvania.*



MAKING PAYDIRT LAST—A 16-page guide-book of practical soil conservation methods. Explains six of such methods with step-by-step directions and illustrations. The booklet contains a paragraph on building permanent pastures and reviews the management of woodland for profitable lumbering operations. A summary of information based on field experience by the Soil

Conservation Service and agricultural colleges. Available from *Allis-Chalmers Manufacturing Company, Tractor Division, Milwaukee 1, Wisconsin.*



How to select your heating system . . .

HOW TO SELECT YOUR HEATING SYSTEM—A 16-page illustrated booklet giving important facts and information enabling a prospective home owner, or owner interested in modernizing his home, to select his heating system. This booklet contains questions and answers outlining comfort conditions to be expected from each of the different types of modern heating systems so that the reader can determine which type

best fits his specific needs and gives him the information to choose intelligently the heating system to meet his requirements. Write to *The Lennox Furnace Company, Marshalltown, Iowa.*

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. Business is securely harnessed to war again, although the reins are loose and the "giddap" is gentle and kindly. But back there on the big seat is a whole new row of drivers and it is much too soon to predict what will happen under the new Defense Production Act and other legislation related to mobilization. No matter what happens in Korea it looks like a long trip this time:

If we could be sure where we are going it would help. As we enter the final months of this year most of our basic business indicators point upward, but our diplomatic and political indicators continue to point left, right and in all directions at once.

Dual Personality

To the world we must look like two different people. One is bright and walks with a sure step, while the other is always falling on his face. One builds plants, machinery, homes, roads, produces wealth on a vast scale and seems to be sure of himself. The other has repeatedly fumbled world leadership for many years. There must be some reason why at precisely the same hour in history we find ourselves at the peak of prestige and power, economically, but wondering what hit us, diplomatically.

In the 20's a Spanish writer, Ortega y Gasset, wrote *The Revolt of the Masses*, a startling book which forecast much of our contemporary confusion. Here is a tiny fragment:

"If we observe the public life of the countries where the triumph of the masses has made most advance—these are the Mediterranean countries—we are surprised to find that politically they are living from day to day. The phenomenon is an extraordinarily strange one. Public authority is in the hands of a representative of the masses. These are so powerful that they have wiped out all opposition. They are in possession of power in such an unassailable manner that it would be difficult to find in history examples of a Government so all-powerful as these are. And yet public authority—the government—exists from hand to mouth, it does not offer itself as a frank solution for the future, it represents no clear announcement of the future, it does not stand out as the beginning of something whose development or evolution is conceivable. In short, it lives without any vital program, any plan of existence. It does not know where it is going, because, strictly speaking, it has no fixed road, no predetermined trajectory before it. When such a public authority attempts to justify itself it makes no reference at all to the future. On the contrary, it shuts itself up in the present, and says with perfect sincerity: 'I am an abnormal form of government imposed by circumstances.' Hence its activities are reduced to dodging the difficulties of the hour; not solving them, but escaping from them for the time being, employing any methods whatsoever, even at the cost of accumulating

thereby still greater difficulties for the hour which follows. Such has public power always been when exercised directly by the masses: omnipotent and ephemeral. The mass-man is he whose life lacks any purpose, and simply goes drifting along. Consequently, though his possibilities and his powers be enormous, he constructs nothing. And it is this type of man who decides in our time." (Published by W. W. Norton, New York.)

What to Stabilize First

Our policies and purposes need stabilizing as much as our economy because the business outlook depends almost entirely today on the erratic course of our conflict with communism.

This volatile factor will determine, for example, how the colossal machinery of the Defense Production Act will be administered, how much will be spent for defense and foreign aid, how great the tax burden will be, and how large the Treasury deficits will be.

The President of the United States now has sweeping powers to control credit, allocate materials, requisition materials and facilities, purchase goods for defense, make loans, regulate prices and wages, and establish arbitration machinery like that of the War Labor Board in World War II.

No mandatory ceilings on prices and wages are considered at this time but "we will impose ceilings vigorously and promptly," said the President, "when the situation calls for them."

Many of these powers will be delegated to various governmental departments, and business must start learning hundreds of names of individuals sharing the driver's seat and making vital decisions.

To mention a few, Chairman Symington of the National Resources Board will be the coordinator of powers under the Production Act. There will be a Stabilization Director and under him a Director of Price Stabilization and a Wage Stabilization Board.

To Secretary of Commerce Sawyer were delegated powers to allocate scarce materials. The Secretary established a National Production Authority, headed by William H. Harrison of New York, to handle the priorities, allocations and inventory controls essential to mobilization needs.

Fifteen divisions of the department's Office of Industry and Commerce were transferred to the new authority.

These divisions are: Small Business, Metals and Minerals, Rubber, Marketing, Iron and Steel, Textiles and Leather, Forest Products, Construction, Chemicals, Machinery and Equipment, General Products, Motion Pictures, Fuels and Energy, Petroleum and Foods.

A complete list of new assignments of authority would be as long as your arm, including wide powers to various agencies to extend credit and to prevent its extension.

NO OVERTIME AGAIN THIS WEEK!

... what's happened
to our bookkeepers?

"THEY'RE USING
HAMMERMILL LEDGER
NOW, SIR! WE
SHOULD HAVE
CHANGED TO THAT
PAPER LONG AGO!"

OF COURSE, many factors besides poor ledger paper contribute to overtime costs. But if the paper your bookkeepers use is not right, they are wasting minutes, needlessly—maybe hours—every working day.

"Hammermill Ledger is *easy to work with*." That is the comment we regularly receive. It means that this ledger paper does not slip in the machine, does not throw entries out of line, and that pen or pencil glides easily and quickly over its smooth, glare-free surface.



If you need a printer who is ready and willing to supply your needs on Hammermill papers, call Western Union by number and ask "Operator 25" for the name of a member of the Hammermill Guild of Printers.

Qualities like these have, for more than 35 years, made Hammermill Ledger the favorite with thousands of accountants, auditors, bookkeepers. They know that this splendid ledger paper takes clean printing impressions, rules perfectly, speeds record entry work. And—for machine bookkeeping—they specify the special finish identified by the watermark "Posting Finish."

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WHEN YOU BUILD . . . UNDIVIDED RESPONSIBILITY IS YOUR KEY TO LOWER CONSTRUCTION COSTS

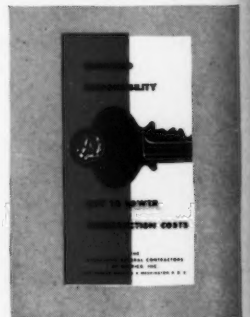


- undivided responsibility
 - lowest cost
- completion on schedule
- creative management
 - assured quality
- efficient coordination
- uniform labor policy
- coordinated safety measures
- protection from suits
- observance of industry practices

Those who build have every right to expect from the Construction Industry the best possible project at the lowest possible cost in the shortest possible time.

The *only* way this can be assured is to give *undivided responsibility* to the General Contractor through the award of *one* general contract.

For information on the positive advantages of a single contract, write for your copy of "Undivided Responsibility . . . Key to Lower Construction Costs."



America Progresses Through Construction . . . Construct by Contract!

The ASSOCIATED GENERAL CONTRACTORS of AMERICA, Inc.

Representing More Than 5,600 of the Nation's Leading General Contracting Firms Engaged in the Construction of Buildings, Highways, Railroads, Airports, Public Works
NATIONAL HEADQUARTERS, MUNSEY BUILDING, WASHINGTON 4, D. C.

